

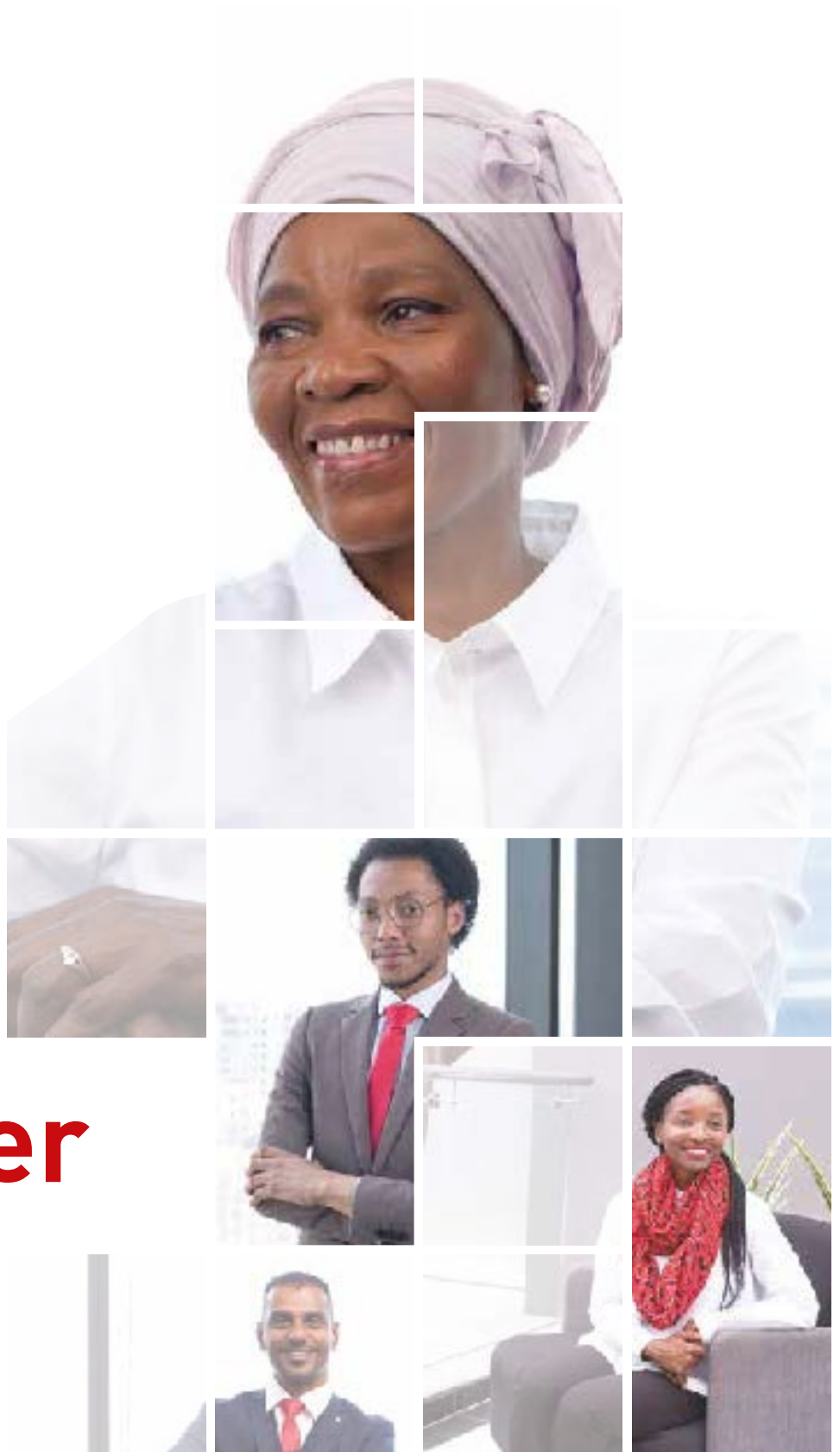
2019

Integrated report

PURPOSE IN ACTION

Creating spaces to...
















prosper



We're not landlords. We're people.

Navigate our report

Throughout our reporting suite, the following icons are used to show the connectivity between sections:

Capitals		
	Financial capital	Page 70
	Manufactured capital	Page 74
	Human capital	Page 94
	Social and relationship capital	Page 100
	Intellectual capital	Page 106
	Natural capital	Page 110
Strategic matters		
	Grow reputation	Page 52
	Invest strategically	
	Optimise capital	
	Operate efficiently	
	Engage talent	
Materiality themes		
	Uncertain geopolitical and socio-economic growth factors	Page 6
	Disruptive technologies reshaping traditional business models	
	Evolving role of business in creating a prosperous and sustainable society	
	Heightened demands on governance and regulatory context	

Guide to our report

About Redefine	1
Our reporting suite	1
Introduction	2
About our report	4
Our material matters	6
How we create value	8
What value means for our key stakeholders	10
Who we are	12
The essence of who we are	14
Overview of our business	15
Our business model	16
Our board of directors	18
Summarised governance report	20
Our business in context	30
Reflections from our chairman	32
Integrated stakeholder engagement	34
Risks and opportunities	40
Our operating context	44
Responding strategically	46
Chief executive officer's review	48
Strategic overview	52
Performance against our strategy	54
Remuneration practices creating value	60
Our trade-offs	62
Financial director's review	64
Value creation	68
Financial capital	70
Manufactured capital	74
Human capital	94
Social and relationship capital	100
Intellectual capital	106
Natural capital	110
Administration	116
Shareholders' diary	116
Definitions	116

About Redefine

Redefine Properties Limited (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

JSE Top 40 Index



We actively manage a diversified property asset platform with a **value of R95.4 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



IR Integrated report

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



ESG Environmental, social and governance report

Our **environmental, social and governance report** 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.



AFS Group annual financial statements

The **group annual financial statements** provide a comprehensive report of the group's financial performance for the year.



AGM Notice of annual general meeting

The **notice of annual general meeting** provides supporting information for shareholders to participate in the AGM.



Our reporting suite is in compliance with:

	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)

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

Creating spaces to...

connect flourish prosper improve lead
invest expand reflect adjust navigate
manage. impact formulate recreate
engage inform collaborate innovate
create operate bring grow
hope dream

Introduction

Creating spaces to... change lives

Our purpose drives us to add value to the lives of our stakeholders – beyond the brick and mortar of our buildings.

This year, we've focused our efforts on embedding our purpose throughout our organisation.

Living this enables us to create long-term, sustained value for all our stakeholders.

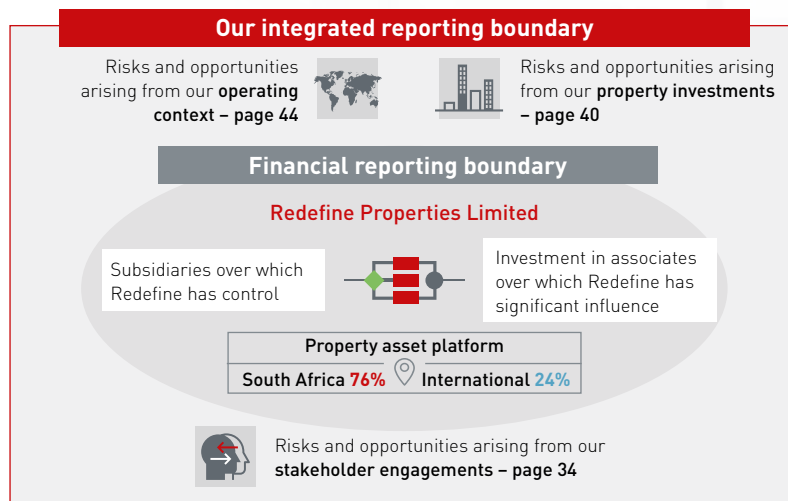
Over the following pages, we demonstrate our **purpose in action**. We report on the value our activities have generated – financially, physically and socially. And we share the stories that reveal how these activities have positively contributed to changing the lives of our stakeholders.

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.

Boundary and scope



This report covers the performance of the group for the year ended 31 August 2019. The major emphasis is placed on the group's South African operations as they account for 73% of the group's distributable earnings and 76% of the group's property asset platform. Details of our investments in subsidiaries 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 18 months, while 18 months to five years is considered medium term. Anything beyond that is deemed long term.

We discuss our materiality determination process on [page 6](#) 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 approach

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 to be an optimal approach that strengthens

operational practices, decision-making and priority setting to better respond to stakeholder needs. Moreover, practising integrated risk management is expected to support the desired cultural shift to a risk-smart workforce.

Outlook

Outlook information is considered to be all information that answers the question: *What challenges, opportunities and uncertainties are we likely to encounter in pursuing our strategy, and what are the potential implications for our business model and future performance?*

Outlook information can be found throughout this report; however, the majority of this information can be found in the following sections of the report:

Our material matters	page 6
Our business model	page 16
Reflections from our chairman	page 32
Risks and opportunities	page 40
Our operating context	page 44
Chief executive officer's review	page 48
Performance against our strategy	page 54
Our trade-offs	page 62
Financial director's review	page 64



 **Rosebank Towers, Rosebank**

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, and 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. This report was approved by the board on 20 December 2019.

Board of directors

Sipho M Pityana

Independent non-executive chairman

Bridgitte Mathews

Lead independent non-executive director

Andrew König

Chief executive officer

Leon Kok

Financial director

Amanda Dambuza

Independent non-executive director

Dhanasagree (Daisy) Naidoo

Independent non-executive director

Lesego Sennelo

Independent non-executive director

Marius Barkhuysen

Independent non-executive director

Nomalizo (Ntombi) Langa-Royds

Independent non-executive director

Our **material** matters

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:

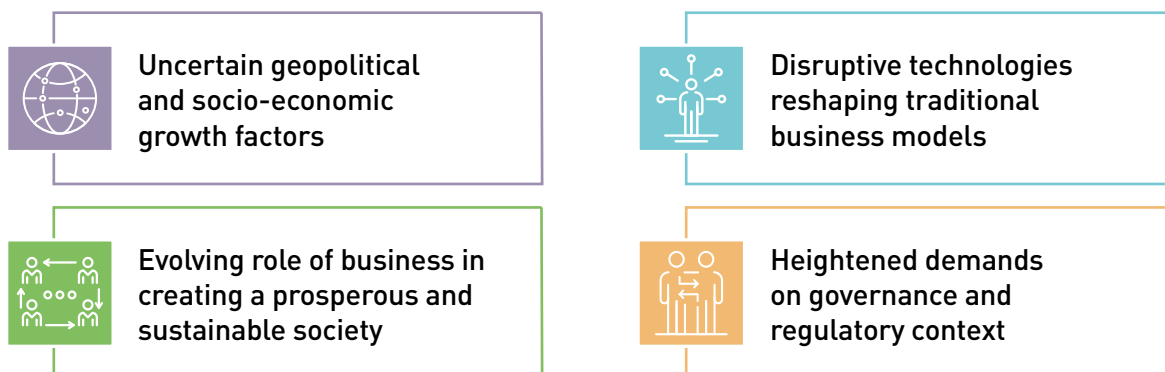
	PROCESS	INPUTS
1 Identify	We conduct the necessary research to analyse our business context, considering our operating environment, the resources we rely on, as well as feedback from our stakeholders (internal and external) to assess matters that can be of financial, reputational, operational, environmental, social, strategic or legislative significance. Based on the matters identified, we derive our risk and opportunity register, which we update throughout the year. To ensure further rigour, we undertake an externally facilitated materiality review.	<ul style="list-style-type: none"> Peer review Media scan Global research reports Internal documentation Internal interviews External stakeholder engagement
2 Prioritise	Using the outcomes of this analysis and the 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 (as depicted in the materiality matrix).	<ul style="list-style-type: none"> Senior management Approval from those charged with governance
3 Integrate	We integrate our material matters into our strategy, and track our performance against this strategy using clearly identified key performance areas (KPAs) and key performance indicators (KPIs) that are cascaded throughout the organisation.	<ul style="list-style-type: none"> Board-determined strategic direction Remuneration based on KPIs derived from strategy

Materiality matrix



Our materiality themes

Following the prioritisation of our material matters, we identified four megatrends (global, macro forces that have the potential to transform our business) that stood out as the broader themes under which our material matters could be classified. These themes include:



For more information on our materiality themes, please see our operating context (page 44).

For more information on our material matters, please see our capitals in the value creation section of this report (page 68).

How we **create** value

To achieve our purpose of **creating and managing spaces in a way that changes lives**, we need to ensure we have a robust business model and that our strategy is both responsive and progressive. This requires more than a business as usual approach. It requires...

... an integrated approach to value creation

Assessing our context

Operating context

See **page 44**

The geographies in which we operate determine the environment that informs our value creation process.






Furthermore, we analyse the macroenvironment we operate in to identify megatrends that have an impact on our business.

Stakeholder relationships

See **page 34**

Due to our extensive engagement strategies, we are able to prioritise what each of our key stakeholders value most, but also what value Redefine strives to achieve from each relationship in return.

Redefine's key stakeholders

- | | | |
|---|--|---|
|  Investors and funders |  Tenants |  Communities |
|  Employees |  Property brokers and suppliers | |

Risks and opportunities

See **page 40**

Using our business model as a lens, we analyse our operating environment, our stakeholder relationships and our dependence on particular resources. From this universe we derive our top-of-mind risks and opportunities, which we update throughout the year.

Considering our material matters

We take an integrated approach to identifying those matters that may influence our ability to create value in the short, medium and long term. We therefore see the value creation process, and thus the determination of our material matters, as a fluid process – with final matters for reporting purposes finalised at year end.

During our materiality review, we identified four megatrends arising from our prioritised matters. These matters inform our strategy to manage the risks and maximise the opportunities that present themselves.



Uncertain geopolitical and socio-economic growth factors



Disruptive technologies reshaping traditional business models



Evolving role of business in creating a prosperous and sustainable society



Heightened demands on governance and regulatory context

See our materiality discussion on **page 6** and further discussion on our materiality themes on **page 44**.

Refer to **page 7** for our materiality matrix.

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 transparent and accountable for our actions.

See [page 20](#)

Integrating into our business

Business strategy

See [page 52](#)

Operating in a long-term asset class, we make strategic choices with lasting impacts.

Aligning with broader ambitions

SHORT-TERM OBJECTIVES



2019 performance

MEDIUM-TERM OBJECTIVES

LONG-TERM OBJECTIVES

Business model

See [page 16](#)

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



Creating value

See [page 10](#) and [page 17](#)

Value, for us, means meeting our stakeholder goals



A source of sustained growth in total returns for **investors and funders**



An employer of choice for **employees**



A differentiated provider of relevant space to **tenants**



A preferred business partner for **property brokers and suppliers**



A responsible **community** participant

What value means for our **key stakeholders**

We believe it is our unique approach to relationships that sets us apart and helps us deliver sustained value to all our stakeholders. By assessing what value means for each of our key stakeholders, and what value means for us, we identify risks and opportunities, which we respond to through our integrated engagement approach (For more information on how we engage with our stakeholders, see [page 34](#)).

	Investors and funders	Employees	Tenants	Property brokers and suppliers
Value for us	<ul style="list-style-type: none"> Access to equity and debt funding Liquidity of our shares Fair rating of our shares Open dialogue to understand and address their concerns 	<ul style="list-style-type: none"> 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 internally, as well as attracting and upskilling new talent) Addressing transformation issues 	<ul style="list-style-type: none"> Deliver a 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 renewal of leases 	<ul style="list-style-type: none"> Primary focus and preference to let out our spaces Attraction of quality tenants to promote and improve our buildings Delivering services aligned to our values and with a positive impact on brand and reputation
Value for them	<ul style="list-style-type: none"> 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 with governance principles is considered and integrated into business strategy Ability to pay interest and repay debt capital 	<ul style="list-style-type: none"> A work environment that provides sustainable income Opportunities for learning, development and growth Career growth prospects The opportunity to make valuable contributions and achieve personal fulfilment and satisfaction 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Loss of investor confidence in the property sector, as well as in Redefine Loss of liquidity Increased cost of capital 	<ul style="list-style-type: none"> 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 of new demands from the younger generation and changing workforce 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Clearly communicating our strategy and demonstrating consistent delivery, thereby building confidence and creating investment interest in Redefine Accessing capital at competitive rates Building capacity to deploy capital in a competitive environment 	<ul style="list-style-type: none"> Enhanced programmes to attract and upskill future employees, address transformation issues and introduce new skill sets Embracing 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 	<ul style="list-style-type: none"> Understanding and adapting innovative technology and solutions that may impact on tenants' needs and attract and upskill future tenants, that improves offering 	<ul style="list-style-type: none"> 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 using suppliers from local communities in cost-effective ways



































For more information on the **value** we have delivered to our stakeholders, please see our business model outcomes on [page 17](#)

We introduced the following stakeholder engagement initiatives aimed to increase value for our stakeholders and ourselves, as well as to mitigate risks and leverage opportunities.

For more information on these initiatives, refer to the capitals in the value creation section of this report, see [page 68](#).

Communities

- 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 a pool of future potential stakeholders: investors, tenants, shoppers and employees
- Improved environment in and around our spaces (health, security, education, etc.)
- Employment and business opportunities
- Exposure to other enabling resources
- Negative impact of our spaces and of tenants on communities
- Lack of engagement and inclusion poses reputational risk for our brand
- Engaging with communities and incorporating their needs into our spaces – thereby ultimately ensuring our spaces improve their lives
- Creating opportunities for traders and entrepreneurs around our spaces

Stakeholder engagement initiatives	Related indicators*
Employee engagement programme 	
Tenant experience management programme 	
External mentorship programme 	  
Internal mentorship programme 	
External innovation programme 	     
Internal innovation challenge programme 	    
Learnership programme 	
Stakeholder engagement forum 	     
Brokers engagement programme 	

Planned future stakeholder engagement initiatives

Sustainability awareness campaign	   
Tenant upliftment programme	  

*For more information about the indicators, refer to our strategic overview on [page 53](#)

impact **reflect**
create **hope** prosper
grow

— “ —
Be open to new ideas
and new viewpoints –
and continue to
expand your thinking.

Tshepo Sedumo

Mentee from
The Mentorship Challenge
Season 1

enterprise **expand**
invest **inform**
operate **collabor**

Who we are

Creating spaces to... expand

What do you do when your passion leads you from the trajectory you always envisioned to new and exciting places? For Tshepo Sedumo, this question is not unfamiliar and the road it led him down was anything but expected.

From a young age, Tshepo loved figuring out how things worked – pulling them apart and putting them back together. With a father working in finance, however, he believed that his future held a similar career path and therefore began studying a BCom finance degree. Still, Tshepo found the time to pursue his passion of building things from scratch. Later, spare time became full time as Tshepo dropped his studies to pursue a business making boomboxes.

“Grove Audio was an idea that was born from my passion to create. It started off as a simple hobby, just another way to pass the time. As time went by and my skills got better – along with my creations – I saw the opportunity to make this something bigger, something great.”

Speaking of his experience of being part of *The Mentorship Challenge*, and of being mentored, Tshepo says that it has been a blessing to him personally, and for his business. “I am so thankful that Redefine offers this programme and makes it available to anyone who wants to be involved.”

“My mentorship journey has changed me. My mentor, Precious Zeinzinger-Tuitz, is an incredibly driven and caring individual and has given me the direction that I’ve needed at every juncture. From the outset, I knew that this was someone that I would learn a lot from. Her energy is contagious! I honestly can’t say enough good things about her.”

Upon reflection of what he’s learnt from this experience, Tshepo said that more than anything he believes the journey has expanded his thinking. “Precious has challenged me to think differently, to unlock my own potential. I want to keep learning and growing.”

In line with this, Tshepo has taken courses that are more aligned with where he wants to go. And he wants to encourage everyone to follow their passions, proactively seeking out the knowledge and connections that they need and making an effort to learn from every step of the journey.

“If you’re determined and passionate about what you’re doing, that’s where you begin. Then meet with a mentor. And learn. Learn from them. Learn from your mistakes. Take each failure as a lesson that will propel you forward. Don’t limit yourself by believing you know everything. Be open to new ideas and new viewpoints – and continue to expand your thinking. It will open up new ideas, and new doors along the way.”

expand, verb

‘become or make larger or more extensive’

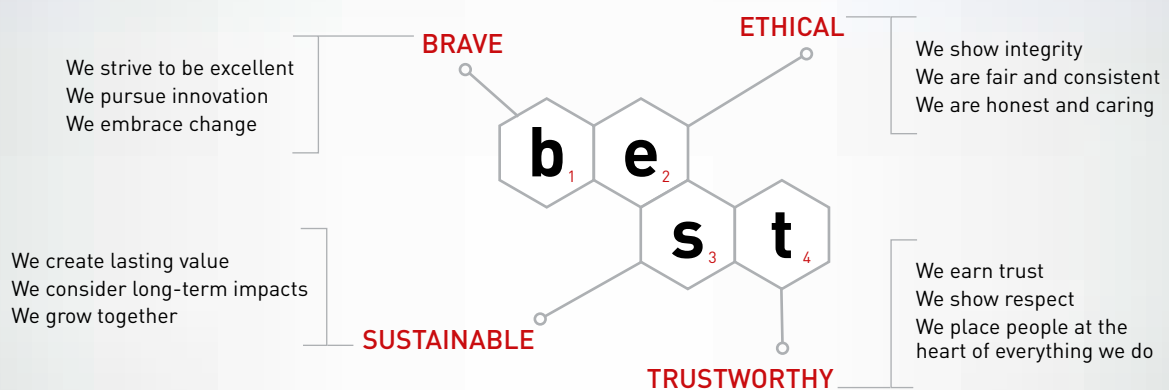


The **essence** of who we are

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



Our values are what **connect** us



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 short-, medium- and long-term business strategy by using our material matters to guide our decision-making.

Materiality themes:



Our strategy is not about what we do – it is a matter of being different at what we do, and is informed by our strategic matters:



Overview of our **business**

Where we invest

Redefine is a diversified South African REIT. We manage a diversified property asset platform with a value of **R95.4 billion**, comprising local and international property assets, anchored domestically in directly held retail, office and industrial properties, and complemented by substantial property investments in Poland, Australia and the United Kingdom.

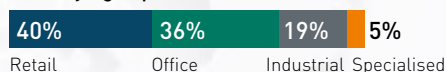
CORE PROPERTY ASSETS

South Africa

Value: **R72.8bn**

Strategy: Continued focus on portfolio quality

Underlying exposure

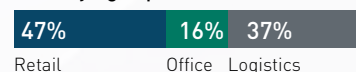


Poland

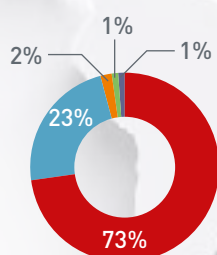
Value: **R15.7bn**

Strategy: Expand logistics platform through development pipeline

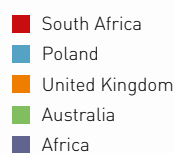
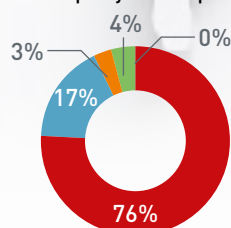
Underlying exposure



Contribution to distributable income



Property asset split



NON-CORE PROPERTY ASSETS

Australia

Value: **R3.7bn**

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

United Kingdom

Value: **R2.8bn**

Strategy: Options under consideration to realise stated objective of recovering lost value

Africa

Value: **R0.4bn**

Strategy: Exit this investment as soon as practically possible

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 model, thereby sustaining value for all our stakeholders.

1. INPUTS

Resources we rely on

FC Financial capital

R44.5 billion in capital (2018: R44.3 billion)

R41.2 billion in debt (2018: R36.1 billion)

MC Manufactured capital

Direct local property portfolio of **R72.8 billion** (2018: R72.4 billion)

International listed securities of **R12.7 billion** (2018: R11.9 billion)

Directly held international properties of **R9.9 billion** (2018: R7.0 billion)

HC Human capital

424 permanent property and financial professionals (2018: 409)

60 temporary employees (2018: 48)

SRC Social and relationship capital

Relationships with our key stakeholders:

Investors and funders Tenants Communities

Employees Property brokers and suppliers

IC Intellectual capital

Integrated strategy

Strong brand

Innovative thinking and ability to adapt to change

NC Natural capital

3 131 798 litres of water used in our buildings

656 768 MWp of electricity used

Natural land under management

2. BUSINESS ACTIVITIES

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

ENABLING SERVICES

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 an environment of scarce and costly capital, we evaluate the prospective returns of each capital deployment opportunity to determine our allocation of capital. Underpinning our business activities are the choices we make about sourcing, deploying, managing and, at times, recycling our manufactured capital in line with our investment strategy to generate sustained cash flow.

Availability, quality and affordability of capitals

FC Operating in a capital-constrained and costly environment means that strengthening the balance sheet is imperative to our sustainability and long-term expansion plans.

MC High level of competition for quality assets necessitates a strategic approach to asset acquisition, diversification and the exploration of alternative asset classes.

HC Shortage of experienced property skills and talent requires a focus on growing talent and retaining our high performers in a competitive market.

SRC Low trust environment results in businesses needing to demonstrate behaviour that progressively earns trust, which can be easily lost if not carefully managed.

IC Pace of change necessitates increased focus on innovation and generation of intellectual property to stay ahead in a competitive environment.

NC Cost and availability of water and electricity continue to enhance the business case for resource-efficient buildings.

3. OUTPUTS

OUR PRODUCT

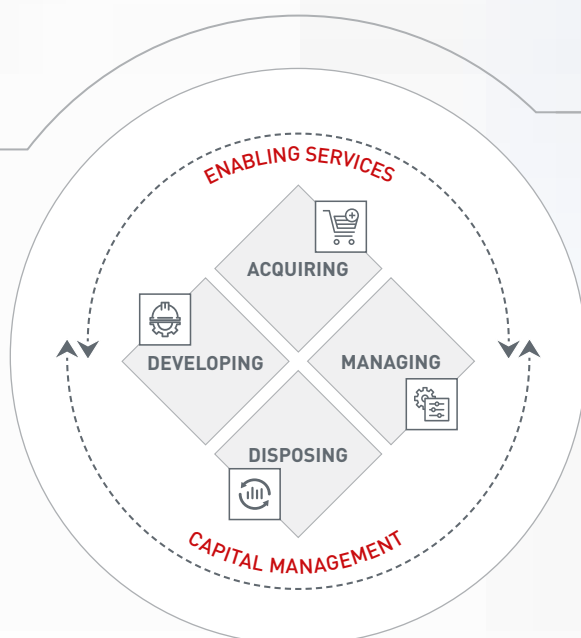
Quality real estate investments, embedded in society, that deliver sustained cash flow

Total portfolio gross lettable area (GLA) of **4.5 million m²** (2018: 4.6 million m²)

OUR WASTE AND EMISSIONS

Total greenhouse gas emissions of **713 258 tCO₂e**

4 972 tonnes of waste-to-landfill

**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 high-quality 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 and recycle the capital into opportunities that have better long-term capital growth prospects once all other alternative uses for the property have been exhausted.

4. OUTCOMES

Delivering value for our stakeholders

	2019	2018
Investors and funders		
Active portfolio operating margin maintained at 83.2%	▲	▲
Full-year distributable income per share of 101 cents (2018: 97.1 cents)	▲	▲
Reduction of non-recurring distributable income	▲	▼
Increase in loan-to-value ratio	▼	▼
TNAV per share of R9.44 (2018: R9.77)	▼	▲
Total return to shareholders of 7.1% (2018: 17.7%)	▼	▲
Redefine forward yield has increased by 400 bps to 12.9%	▼	▼
Perception score on strategy	■	▼
Perception score on governance	▲	■
Perception score on disclosure and communication	▲	▲
Moody's credit rating maintained	■	■
Employees		
Annual employee remuneration at R175.3 million (2018: R174.7 million)	▲	▲
5th year accredited Top Employer status	■	■
14 486 man hours spent on training and development (2018: 17 728)	▼	▲
Improvement in communication platforms and use of technology	▲	▼
Total staff turnover 11.6% (2018: 10.5%)	▼	▲
Transformation progress across all levels	▼	▼
Ensure fair and responsible remuneration	■	■
Staff complement increased by 6%	▲	▲
Absorption of learners into formal employment	▲	▲
Employee engagement score of 87%	▲	n/a

	2019	2018
Tenants		
GLA space provided 4.5 million m² (2018: 4.6 million m ²)	▼	▲
Tenant retention 93.3% (2018: 90.4%)	▲	▼
Occupancy rate maintained at 95.5%	■	▲
Footfall in shopping centres -1.8% (2018: -2.0%)	▼	▼
Development to uplift capital	▼	▼
Rollout of solar PV	▲	▲
R1.3 million invested at Maponya Mall to address tenant concerns raised through Challenge Convention	▲	▲
R27.8 billion tenant-generated turnover in retail spaces (2018: R26.7 billion)	▲	▲
74 Green Star SA certifications (2018: 44)	▲	▲

Property brokers and suppliers

Level 3 broad-based black economic empowerment (BBBEE) rating	■	▲
97% of procurement spend towards empowering suppliers	▲	▲
188 538m² let by brokers	▲	▲
Leverage procurement efficiencies	■	n/a

Communities

R8 million contribution to community engagement (through CSI and the second Challenge Convention)	▲	■
233 stakeholders engaged with the second Challenge Convention at Maponya Mall	▲	▲
740 mentees matched to mentors under The Mentorship Challenge	▲	n/a
Health and safety scores	▼	▼
Carbon emissions savings from our solar installations for the year equate to taking circa 7 340 passenger cars off the road	▲	▲

▲ Positive ▼ Negative □ Neutral

Refer to page 10 for a discussion on what value means for our stakeholders.

Our board



Sipho M Pityana (60)

Independent non-executive chairman

BA Honours, Master of Science

Appointed: May 2019



Bridgitte Mathews (50)

Lead independent non-executive director

BCom Accounting, BCom Accounting Honours, HDip Tax and CA(SA)

Appointed: February 2017



Andrew König (52)

Chief executive officer

BCom, BAcc and CA(SA)

Appointed: January 2011



Daisy Naidoo (47)

Independent non-executive director

B.Com Dip Acc (Accounting), CA(SA), MAcc (Tax)

Appointed: August 2019



Harish Mehta (69)

Non-executive director

BSc and MBA

Appointed: September 2009

Resigned: 5 November 2019



Lesego Sennelo (42)

Independent non-executive director

BCompt, BCom Accounting Honours, HDip Auditing and CA(SA)

Appointed: November 2018



of directors



Leon Kok (48)

Financial director

BCom Accounting, BCom Accounting Honours and CA(SA)

Appointed: October 2014



Marc Wainer (71)

Executive director

Appointed: November 1999

Retired: 31 August 2019



Amanda Dambuza (42)

Independent non-executive director

BA Social Sciences, certified (PMP®), PRINCE2®, AGILE and ITIL practitioner

Appointed: November 2018



Marius Barkhuysen (63)

Independent non-executive director

Appointed: November 2015



Ntombi Langa-Royds (57)







Independent non-executive director

BA(Law) and LLB

Appointed: November 2015



EXPERTISE

-  Leadership
-  Finance
-  Risk and opportunity management
-  Taxation
-  Compliance and governance
-  Technology and information governance
-  Environmental sustainability and climate change
-  Human resources
-  Sales and marketing
-  Property investment and/or asset management

Summarised **governance** report

For the full governance report, see the [ESG](#) report.

Value creating governance

We believe that the way we approach governance and leadership in our business supports our overall value creation process. To achieve sustained value, we need to establish and maintain trust with our stakeholders, which would be impossible without embracing governance as a business enabler.

Appropriate governance structures and processes ensure that our business 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 we operate. The governance processes in place ensure that we deliver against this strategy to create value for ourselves and our stakeholders – now and into the future.

The board assumes collective responsibility for the performance of the company and for:

 **Strategy**

 **Policy**

 **Oversight**

 **Accountability**

It has adopted a stakeholder-inclusive approach in the execution of its governance role and responsibilities and is guided continuously by its commitment to the principles of King IV. King IV recommendations are substantially entrenched in the board’s internal controls, policies, terms of reference and overall procedures and processes. For more information on how the company has applied the principles of King IV, see our [ESG](#) report.

Structures of delegation provide for the assignment of authority, while enabling the board to retain effective control. Therefore, 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 these structures, see **page 24** of this report.

Achieving compliance with applicable laws, regulations and governance practices provides a framework within which to build our mindful governance approach, which is then further directed by the board’s constant pursuit of ethical and effective leadership.

Changes to board composition in 2019

With a focus on growing the board’s independence, Sipho M Pityana was appointed as the company’s independent non-executive chairman in May 2019, replacing Marc Wainer. Marc remained on the board in an executive capacity until his retirement on 31 August 2019, and ensured a structured handover and seamless transition to Sipho.

Considering the need for enhanced risk, corporate governance and accounting expertise on the board following the resignation of Sindi Zilwa in April 2019, Daisy Naidoo was appointed as an independent non-executive director in August 2019.

By virtue of his age and length of tenure, Bernie Nackan retired by rotation in February 2019 and decided not to make himself available for re-election. Similarly, following a tenure in excess of nine years, Harish Mehta resigned from the board in November 2019.

The board was mindful of the possible loss of intellectual capital as a result of the retirement and resignation of the aforementioned longstanding directors. With a constant focus on our intellectual capital and maintaining our social and relationship capital, the board sought to maintain some of these relationships in an advisory capacity, to ensure that we are able to draw on this wealth of experience as an input into decision-making processes, when needed.

IC

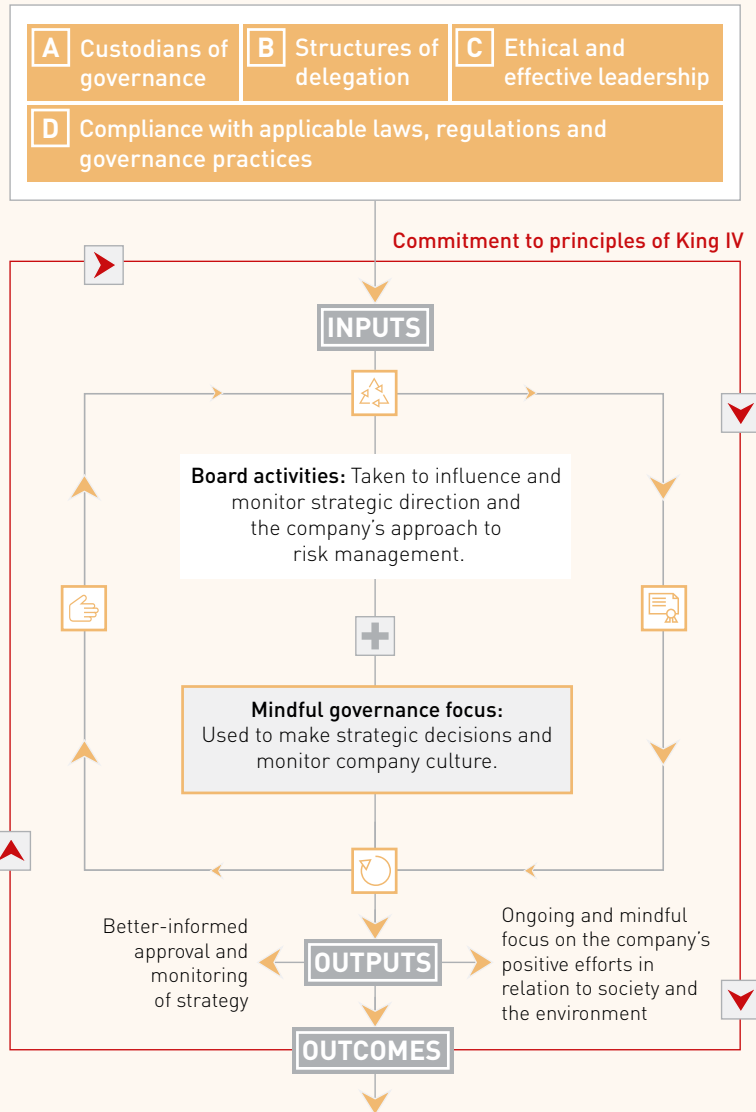
SRC

Following the changes to the board implemented during the year, we believe we have the right team in place to guide the business into the future. For more information regarding the current composition of the board, see **page 23** of this report.

Value creating governance



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 strategic matters

GR IS OC ET OE

Achievement of stakeholder and sustainable development goals

Investors and funders
Employees Tenants
Property brokers and suppliers
Communities



Summarised **governance** report

Custodians of governance

Board members accept responsibility as the custodians of governance within the group. 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 members are independent non-executive directors who bring diversity to board deliberations and create sustained value by constructively challenging management. The board members listed hereunder, as well as the diversity statistics set out on **page 23**, and as and when referred to throughout the **IR** and the **ESG** reports, reflect the composition of the refreshed board post the changes referred to on **page 20**.

	Name Shareholding	Designation Other public company appointments	AC	RC	REM	NOM	SET	IC
Executive	A König 5 585 766 [#]	Chief executive officer None						
	L Kok* 2 509 316 [#]	Financial director None						
Non-executive	SM Pityana* Nil	Independent non-executive chairman AngloGold Ashanti Limited, Absa Group Limited			■	●		●
	B Mathews* Nil	Lead independent non-executive director PSG Financial Services Limited, PSG Group Limited	■		●		■	
	M Barkhuysen 100 000 [#]	Independent non-executive director None						■
	A Dambuza Nil	Independent non-executive director Grindrod Bank Limited, Grindrod Financial Holdings Limited		■		■	■	
	N Langa-Royds Nil	Independent non-executive director Kumba Iron Ore Limited, Mpact Limited, Murray & Roberts Holdings Limited			■	■	●	
	D Naidoo* Nil	Independent non-executive director Hudaco Industries Limited, Mr Price Group Limited, Anglo American Platinum Limited, Absa Group Limited	●	■	■			
	L Sennelo Nil	Independent non-executive director One Logix Group Limited, Oceana Group Limited, Nampak Limited	■	●				■

* Standing for election/re-election at the company's AGM in February 2020.

[#] As at 31 August 2019.

● Committee chair

■ Committee member

The board does not have a firm policy on the number of board positions a director may hold. The nominations and governance committee is mandated to make judgments on whether or not directors are over-committed. This ensures the ability of directors and key executives to meet their commitments and effectively fulfill their responsibilities.

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 2019. All directors **attended 100%** of the meetings of the board and the committees on which they served during the 2019 financial year.

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

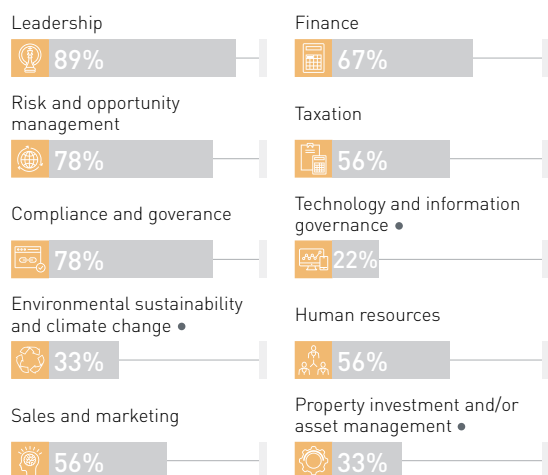
Board composition

The board comprises an appropriate balance of knowledge, skills, experience, diversity and independence to objectively and effectively discharge its governance role and responsibilities. The board believes that filling the skills gaps identified below would bolster its diversity and promote better decision-making and effective governance in the future. See **page 24** for further discussion on board skills required.

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.*

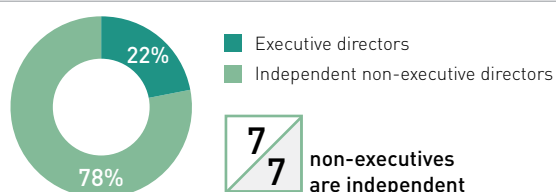


* Percentage of directors with requisite skills

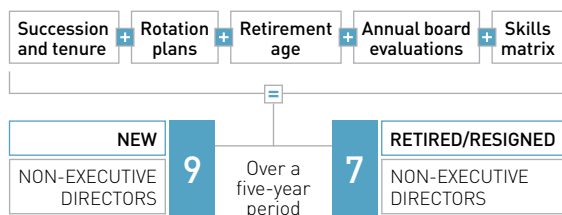
• Skills gaps identified

Independence

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

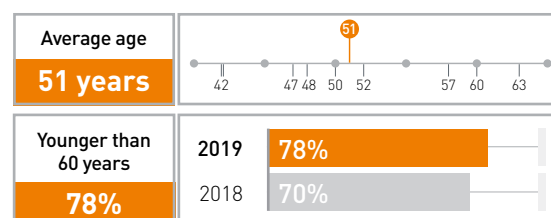


Board refreshment



Diversity of age

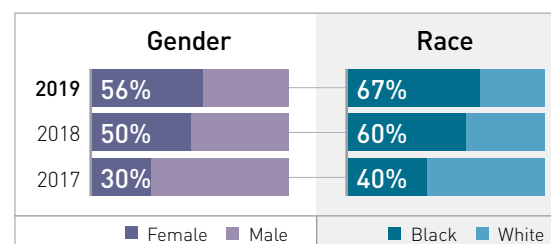
Policy: Executive directors are required to retire from the board at age 65 and, unless otherwise agreed by the board, non-executive directors are required to retire at age 70. Executive directors are subject to three-month notice periods.



Gender and racial diversity

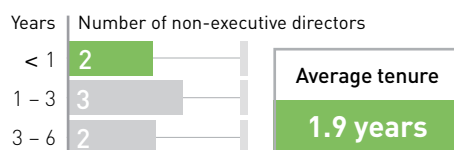
Policy: The company's gender diversity policy promotes a voluntary target of 40% female representation on the board over a three-year period, while the racial diversity policy promotes a voluntary target of 50% black (includes African, Indian and Coloured) representation on the board over the same period.

The board has met its gender and racial diversity targets:



Succession and diversity of tenure

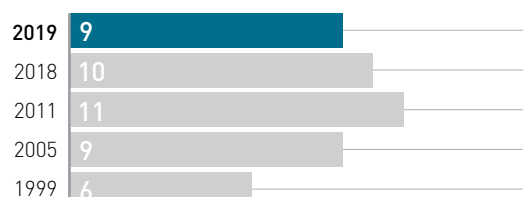
Policy: Periodic, staggered rotation of members to ensure the introduction of members with new expertise and perspectives, while retaining valuable industry knowledge, skills and experience and maintaining continuity.



Succession plans make provision for the identification, mentorship and development of future members.

Board size

Policy: The board should be sizeable enough to promote accountability and encourage healthy, constructive debate and decision-making, while meeting regulatory and MOI requirements. It should encourage participation and a sense of responsibility.



Summarised **governance** report continued

Board skills required

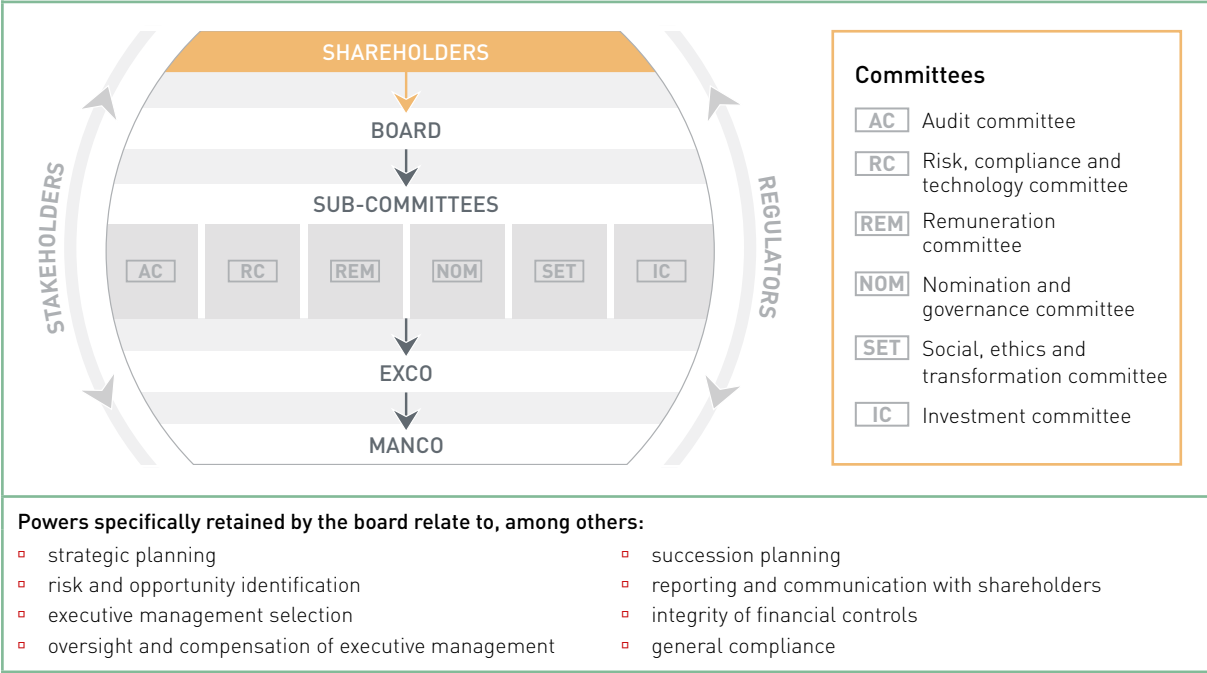
During 2019, the new chairman led a review of the board’s composition, with a specific focus on diversity of skills, experience and expertise, having regard to the company’s purpose, future prospects and changing external environment.

The analysis revealed potential areas where board skills can be bolstered including technology, data governance and innovation, as well as property investment and asset management. These areas of expertise will be addressed by the appointment of a suitable non-executive director in due course. Environmental sustainability and climate change were similarly highlighted as strategic areas of expertise for the company that could be further bolstered.

For more information, including the skills matrix that formed part of this analysis, please see our [ESG](#) report.

Structures of delegation

The company’s governance structure and delegation provisions enhance independent judgment, ensure sustainable execution of strategy, and create opportunities to leverage off directors’ special expertise in areas such as audit, risk management, sustainability and executive remuneration. The board delegates authority to the following established board committees, as well as to the CEO, with clearly defined mandates.



Details regarding the full roles, responsibilities and composition of the board committees, as well as delegation to management via the CEO, can be found in our [ESG](#) report.

Board activities in 2019

The board uses its quarterly meetings as a mechanism for discharging its duties in terms of the Companies Act, JSE Listings Requirements and King IV, and similarly as a means of influencing and monitoring strategic direction and the company’s approach to risk management.

Each board meeting follows a carefully tailored agenda, agreed in advance by the chairman, CEO and company secretary. A typical meeting will comprise reports on current operating and financial performance, strategic risks and opportunities, governance updates and regulatory considerations, a review of the company’s local and international portfolios and deeper discussions regarding areas of strategic importance.

Performance against strategic objectives	Corporate advisor reports	Board committee updates
At each board meeting, the CEO updates the board on progress made against the company’s strategic objectives and top priorities per capital.	The board oversees and monitors the company’s share price performance and analyses peer group and sector performance based on information provided by the company’s corporate advisor on a quarterly basis.	In terms of their mandates, the chairs of the various board committees provide verbal reports to the board regarding the actions of their respective committees, as well as the material matters arising out of their latest quarterly meetings.

During the year, the board and its various committees discussed, oversaw and monitored the company's performance and key strategic initiatives underway:

Company performance

Performance

- Considered operating and financial performance updates
- Discussed strategic risks, market pressures and challenges and the implication of these on the company's performance
- Discussed operational issues arising and the company's response thereto
- Monitored and oversaw the company's compliance with financial loan covenants and applicable credit metrics
- Oversaw and informed management of the company's liquidity and debt maturity profiles

Strategy

GR

Grow reputation

- Oversaw the investment of human and financial capital into the development of **integrated social capital** initiatives
- Oversaw the expansion of external waste management to office buildings as part of the company's **Green Star SA certifications programme**
- Monitored the installation of various technologies to **reduce water consumption** across the portfolio
- Oversaw **entrenchment of ethics** throughout the business

IS

Invest strategically

- Discussed the **allocation of financial capital** with a focus on improving, expanding and protecting the company's local portfolio
- Discussed the expansion of foreign income and **capital growth opportunities offshore**
- Oversaw and monitored the company's **investment strategy**
- Approved the **deployment of R6.9 billion** into property assets of which offshore expansion totals **R4.3 billion**
- Approved the disposal of non-core assets to realise **R8 billion**

OC

Optimise capital

- Discussed **exposure to interest rate and currency volatility** and the responsible management thereof
- Discussed optimal funding of the company's portfolio to increase returns and ensure **sustainable growth**
- Considered the process of recycling manufactured capital to generate financial capital, **lower LTV** and retain the company's income-earning capital base
- Approved the implementation of a **dividend pay-out policy**, ensuring the avoidance of tax leakage

OE

Operate efficiently

- Discussed increasing financial and human capital into greening the buildings within the company's portfolio in line with the objective to **optimise energy, water usage and recoveries**
- Discussed facility and utilities management interventions to improve **operational sustainability**
- Approved the increase of total solar PV capacity to **23.7 MWp**

ET

Engage talent

- Monitored and oversaw the company's investment into **employee training initiatives**
- Approved the restructure of business processes to enable **service excellence**
- Monitored **transformation** at all levels across the business



An ethical culture



Good performance



Effective control









Legitimacy

Summarised **governance** report continued

Mindful governance focus

With due consideration to the company’s material matters and as a means of monitoring company culture, mindful focus was similarly given to the following governance matters to ensure the achievement of the company’s strategic objectives and realisation of desired governance outcomes:

Managing financial capital

The board considered strategic choices regarding how we manage available financial capital in a constrained and costly environment.			
Overview of the matter The current LTV ratio of 43.9% exceeds 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.			
Outcome The board believes that the decision will 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.			
Strategic objective <div><div>OC</div>Reducing our LTV is a strategic imperative to achieve our objective of optimising capital. Please see page 56 of our performance against our strategy section for more information on actions to be taken to improve our LTV.</div>			
Relevant material matters <div><div><ul style="list-style-type: none">Macroeconomic uncertaintyPolitical uncertaintyFinancial market volatility</div><div><ul style="list-style-type: none">Business model resilience</div></div>	Relevant SDGs to align decision-making to our long-term ambitions* <div><div></div></div>	Governance outcomes realised <div><div></div></div>	Primary capital impacted <div><div>MC</div><div>FC</div></div>



Impacts of large-business failure

The board considered strategic choices regarding intervention in a tenant rescue plan.

Overview of the matter

In a highly competitive, lacklustre market with limited new users, retaining tenants and managing vacancies remains a top-of-mind priority, vital to business sustainability and our ability to generate cash flow.

In considering the implications of losing a major tenant, this year, the board expanded its thinking to encompass the implications should one of our major tenants go out of business and what role the group should play, if any, in supporting this business to prevent such an occurrence. The considerations taken into account were broader than Redefine itself, taking into account the wider economy and the impacts that such a large business failure would have on social and economic systems – both of which would then create further pressure within an already constrained and challenging operating context.

In the case of Edcon, the livelihoods of approximately 30 000 employees, a supply chain that includes 750 companies and floor space that accounts for one tenth of the occupancy in South Africa's biggest shopping malls, was at stake.

Outcome

By seeking to assess the holistic impacts, a decision was taken to support Edcon through a detailed business rescue plan, while proactively managing risk by reducing exposure, where appropriate, and monitoring the situation to assess the best possible use of the space should the business rescue process prove unsuccessful.

Strategic objective

OC **GR** Throughout the business rescue process, we will proactively manage risk by reducing exposure, where appropriate while monitoring the situation to assess the best possible use of space should the business rescue prove unsuccessful.

Relevant material matters	Relevant SDGs to align decision-making to our long-term ambitions*	Governance outcomes realised	Primary capital impacted
 <ul style="list-style-type: none"> Macroeconomic uncertainty Political uncertainty Financial market volatility Social volatility 	 	  	FC MC SRC
 <ul style="list-style-type: none"> Business model resilience 			
 <ul style="list-style-type: none"> Governance and business ethics 			

Sustainable waste management

The board considered its responsibility as a responsible corporate citizen to minimise the impacts of the business on the receiving environment, while ensuring sustainable returns to providers of financial capital. The matter of sustainable waste management was a key topic of discussion.

Overview of the matter






Waste recycling, although an essential practice to ensure we reduce and mitigate our negative impacts on precious natural capital, is an area of environmental stewardship that demonstrates the lowest return on investment. Recognising the importance of this practice, the board had applied its mind to finding a financially and socially viable solution.

Outcome

To improve understanding of waste distribution streams, audits were conducted at numerous office parks. Numerous waste processing opportunities were reviewed, the majority of which were not financially viable. Manual composting plants did, however, appear to be feasible, and the implementation of two pilot projects are being reviewed.

Strategic objective

OE **GR** The board recognises that anticipated waste management legislation is expected to accelerate the implementation of waste processing solutions such as biodigesters and waste-to-energy plants, and the board will continue to monitor progress in this regard to ensure we are able to operate efficiently while growing Redefine's reputation by contributing to a more sustainable operating environment for all.

Relevant material matters	Relevant SDGs to align decision-making to our long-term ambitions*	Governance outcomes realised	Primary capital impacted
 <ul style="list-style-type: none"> Governance and business ethics 		 	NC SRC
 <ul style="list-style-type: none"> Climate change resilience Water and waste management 			

* Please refer to our strategy on **page 52** for our defined SDGs.

Summarised **governance** report continued

Assisting employees to navigate retirement

The board considered the matter of retirement savings within the broader South African context.

Overview of the matter

It is estimated that only 6% of economically active South Africans have a well-considered plan for their retirement[#]. The board understands that lack of preparedness for retirement is fuelling anxiety and fear, undermining productivity and amplifying populism. In response, it has chosen to embrace a greater responsibility to help employees navigate retirement and in so doing, create not only a more stable and engaged workforce, but also a more economically secure population in the places in which the company operates.

Outcome

In Redefine's capacity as a responsible employer, the board resolved that 1% of employees' annual salary increases must be allocated towards increasing mandatory provident fund contributions to enforce increased retirement contributions over time.

Strategic objective

ET We believe that our employees are the driving force of our success. Taking this decision aligns with our values and strategically contributes to our mission of sustaining value for all our stakeholders.

Relevant material matters



- Macroeconomic uncertainty
- Financial market volatility
- Social volatility



- Governance and business ethics

Relevant SDGs to align decision-making to our long-term ambitions*



Governance outcomes realised



Primary capital impacted

HC

Talent retention

The board considered ways to enrich the employee value proposition, engagement practices and work-life integration to retain top talent in a competitive market.

Overview of the matter

Employee benefits hold significant value in our overall employment offering. Furthermore, our remuneration governance practices must ensure that we uphold the principle of fair and responsible remuneration, while attracting top talent.

Outcome

Enhancements to group risk and retirement fund offerings were implemented and communicated during the year. Research is still underway to gain insight on how we can promote a healthy integrated work-lifestyle without sacrificing employee productivity. Furthermore, market positioning research was concluded in preparation of the annual increase cycle, which included enhancements to employee benefits.

Strategic objective

ET To remain competitive, we need to attract and retain top talent. These outcomes contribute directly to this strategic objective.

Relevant material matters



- Business model resilience
- Employee skill resilience



- Social volatility



- Governance and business ethics

Relevant SDGs to align decision-making to our long-term ambitions*



Governance outcomes realised



Primary capital impacted

HC

[#] 10X South African Retirement Reality Report

Compliance with tax arrangements

The board reviewed necessary requirements to ensure compliance with all applicable tax arrangements.

Overview of the matter

The board embarked on a review to ensure that the company not only complied with all applicable tax arrangements, but also had a strong governance process and transparency around its tax policy and tax arrangements. Risks relating to increased regulation across all relevant jurisdictions were similarly considered, ensuring responsible corporate tax behaviour on the part of the company.

Outcome

By virtue of REIT tax legislation, the company did not incur local income tax, but contributed approximately R710 million in VAT and PAYE to the local economy in 2019.

Strategic objective

GR While compliance may not always appear to be a strategic matter, for Redefine, the strength of our brand, and the values that support that brand, are matters of strategic importance. We therefore manage matters that could impact on our brand with careful consideration at top levels of the business and through board oversight.

Relevant material matters



- Governance and business ethics
- Regulatory compliance

Relevant SDGs to align decision-making to our long-term ambitions*



Governance outcomes realised



Primary capital impacted



* Please refer to our strategy on **page 52** for our defined SDGs.

