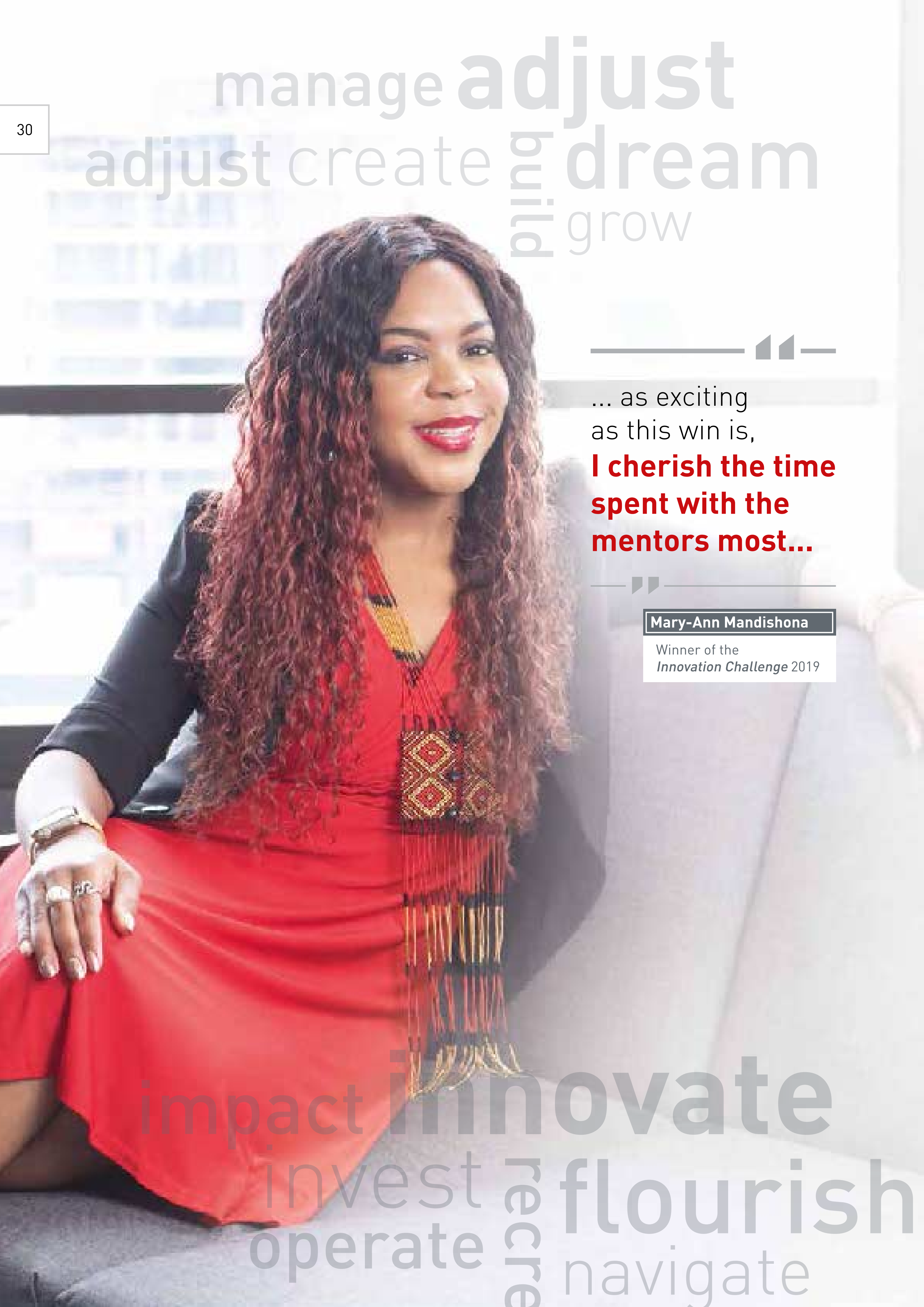


... as exciting
as this win is,
I cherish the time spent with the mentors most...

Mary-Ann Mandishona

Winner of the *Innovation Challenge* 2019

Our business in context

Creating spaces to... innovate

In an operating context that is evolving at the speed of light, we recognise that innovation is key to remaining relevant. We want to embed innovation into the DNA of our brand and position ourselves as the leaders in this space within the property sector.

The ***Innovation Challenge***, introduced in 2018, was the answer to the broader question of how we could go about encouraging or acquiring innovative ideas that would integrate our stakeholders' needs and keep us ahead in a fiercely competitive market.

In Mary-Ann Mandishona's concept, we found what we were looking for – a way to protect our natural environment, uplift shoppers and add value to our tenants. Cash4Trash is a 4iR vending machine that rewards shoppers for depositing recyclable waste in the 'green zones' of malls. Cash4Trash innovator, Mary-Ann, was selected from a group of five finalists for the prize, which recognises an individual who envisions and creates an implementable social innovation project to help communities around Redefine's properties.

Discussing her success, Mary-Ann noted that **"as exciting as this win is, I cherish the time spent with the mentors most, and deeply appreciate the guidance from Marc Wainer and Jacques Velleman who helped me to better understand the challenges we were finding solutions to. Redefine provided all the finalists with mentors for pitching and it was extremely helpful as the feedback was great and criticism constructive."**

"We were able to access significant resources on this journey, from the proof-of-concept to the prize, and I am looking forward to working with Redefine and the mentors I met to help further develop my idea."

Mary-Ann was born in Johannesburg and raised in various countries due to her globetrotting parents, who are United Nations diplomats. Her living experiences in Ethiopia, Zimbabwe, California and London provided Mary-Ann with a 'global citizen' spirit, which she incorporates into her projects. Mary-Ann graduated from the New York Film Academy and Goldsmiths, University of London, with a Master's degree in Film. Currently she is an advisory board member of SWIFT (Sisters Working in Film and Television) and serves on the steering committee of the South African Film Summit. Her award-winning work includes the documentary *Portrait of an African Matriarch: Joyce Mujuru*.

innovate, ***verb***
'make changes in something established, especially by introducing new methods, ideas, or products'

Reflections from our chairman

Introduction

I never saw myself as the chairman of a REIT. Once Redefine approached me, however, I explored the industry more thoroughly and was intrigued by the positioning of this sector in the market, as well as Redefine's niche within it.

Property is all around us and the impact of the built environment – both positive and negative – is something that we rarely speak about with the gravity it deserves. Property is an embedded business. REITs hold the assets that are the necessary infrastructure that enable the economy to work and grow. It should, therefore, come as no surprise that REITs are exposed to many of the same drivers of growth as the rest of the economy.

As chairman of Redefine, I am excited to be part of this journey.

Taking a closer look at our operating context

Globally, the macroeconomic outlook has been characterised by sustained volatility, exacerbated by geopolitical tensions, which have given rise to uncertainty and growing protectionist behaviour. This, in turn, has resulted in outcomes such as Brexit in the UK, and trade tensions between the US and China. Closer to home, social unrest has manifested in the xenophobic attacks that have sadly taken place in Gauteng and KwaZulu-Natal – at the same time as the world applauds the adoption of the Africa Continental Free Trade Agreement by African leaders.

Indeed, our local operating context remains complex and challenging, defined by extreme social inequality, weak economic growth and lagging infrastructure. Furthermore, the country's structural economic constraints include high levels of debt, state-owned enterprises (SOEs) that are in paralysis, and declining revenue in the face of subdued economic growth. All these make it difficult for the state to institute stimulus packages to reboot the economy. If not adequately addressed, this threatens our sovereign debt rating and could result in the cost of capital escalating – further impacting South African businesses and, therefore, our economic outlook as a country.

Policy uncertainty is yet another pervasive theme hampering investment in most sectors. For the property sector, uncertainty about land expropriation without compensation has been an investment obstacle, particularly impacting international investor sentiment.

In this challenging context where Redefine's tenants are under extreme pressure – with many businesses failing – it is no wonder that many are searching for ways to cut costs, such as significantly reducing the space they occupy. Rentals, too, are under pressure, and rental reversions are commonplace as landlords prioritise tenant retention when weighed against the costs incurred in installing new occupiers, combined with the risk of the lengthening time taken to replace tenants.

The outlook is not, however, all doom and gloom. It is pleasing to note that President Ramaphosa's engagements with business have opened the channels of communication and enhanced collaboration, which are critical success factors in our collective efforts to forge productive change. Yet, there is still much to be done to close the gap between where we are and where we need to be.

Responding with purpose-driven strategic intent

It is against this backdrop that Redefine has positioned itself as a purpose-driven REIT with a focus on forging a socially inclusive, resource-efficient growth path – encapsulated in its mission to create sustained value for all its stakeholders. This is a fitting approach, considering that Redefine operates in a long-term asset class. A long-term approach to strategy is, therefore, essential as strategic choices today have lasting impacts, making embedding environmental, social and governance matters into every aspect of the business critical to its sustainable success.

This drive is embodied in Redefine's commitment to supporting the United Nations Sustainable Development Goals (SDGs). Last year, the group identified the four SDGs that speak to the areas where the business can have the most significant impact. I am deeply supportive of the SDGs and I believe that, because of the interconnected, mutually reinforcing nature of these goals, the breadth of impact will be even greater than merely those four focus areas.

Leading the way

Ethical and effective leadership should be a key focus for any board, but a mindful approach to governance is especially relevant in our low trust economy. Furthermore, I believe that ethical leadership translates strategy into reality, creating sustained value for all stakeholders.

Recent corporate failings have once again driven home the necessity for strong governance. An essential part of bridging the trust deficit is raising the levels of transparency and integrity in governance and continuing to engage meaningfully with stakeholders.

For Redefine, governance is not simply a matter of compliance – it is the golden thread that binds all the elements of its value creation story together. As a board, we are committed to continually entrenching leading governance practices throughout the business. As part of this drive, four years ago, Redefine embarked on a journey towards constituting a more independent board. During this time, the group has made significant strides in broadening the board's diversity and skills base.

I am pleased to be joining this team and to be supporting their ambition of continuous improvement in achieving governance best practice within the organisation. In 2019, beyond my appointment to the board as the company's independent non-executive chairman and in line with our stated intention of strengthening governance and board independence, Redefine appointed Daisy Naidoo as an independent non-executive director. We welcome Daisy and look forward to her contributions to the board. The board would also like to thank Harish Mehta for his wise counsel over the years, following his resignation in November. We wish him well in his next endeavours.

Redefine looks at diversity from a holistic perspective, reflecting on independence, skills, experience, race and gender, among others. For more information on board diversity, please see **page 23**. The board'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. It is pleasing to report back to our stakeholders that female representation on the board is currently over 50% and black representation is over 60%.

Following the changes implemented, we are pleased with the board's composition and believe we have the right team in place to guide the business into the future. The board is made up of a majority of independent non-executive directors but, more importantly, the board members are independent thinkers with the right skills to ask the difficult questions – enabling them to keep the interests of shareholders and broader stakeholders front-of-mind.

> The focus now and always, especially for me as chairman, is to ensure that the **board functions optimally to leverage the knowledge and skills base we have – at all times fostering constructive debate and open interrogation.** I believe that this active approach then translates into the way the company governs itself.

Outlook and appreciation

In the prevailing climate of uncertainty, a long-term strategic focus that is tied to a strong sense of purpose is key to driving businesses forward. This integrated approach uniquely positions the business to manage the complex trade-offs that must be made to secure long-term shareholder value.

For more information on the trade-offs, please see **page 62**.

Furthermore, as the property sector recalibrates to an environment of costly capital, with a leasing environment reshaped by low levels of confidence and persistently subdued economic fundamentals, I believe that Redefine's purpose-driven strategic approach becomes increasingly relevant.

I want to thank Andrew König, our CEO, and his executive team for supporting the board and for keeping focus on the success of our business. Similarly, I am grateful to the board and all our stakeholders for their support, and I look forward to working with them as we strive to deepen this focus in the year ahead.

Finally, on behalf of the board, I would also like to take this opportunity to thank Marc Wainer for his invaluable contribution to Redefine – taking it from inception to the dominant force it is today. We wish him all the best in his future endeavours.

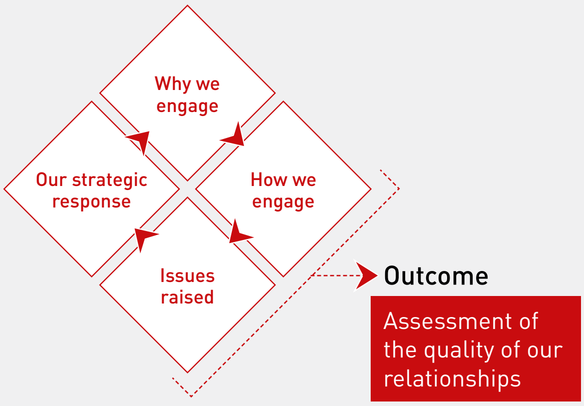
Sipho M Pityana
Independent non-executive chairman

Sipho M Pityana
Independent non-executive chairman

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.

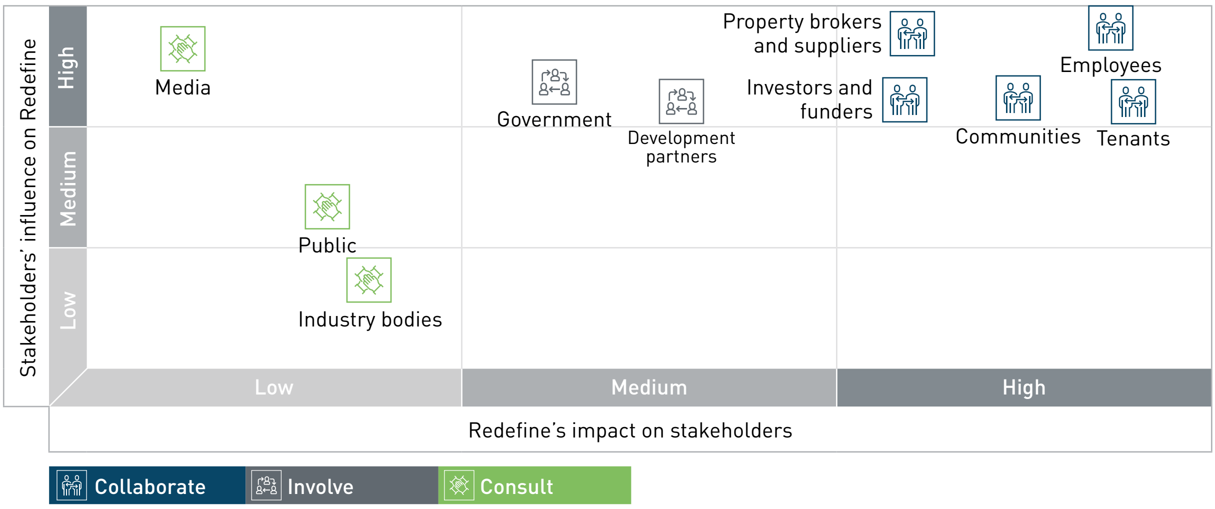
Relationships are central to who we are and what we want to achieve. To measure the value we generate for our stakeholders, we have identified goals for each of our key stakeholders and measure delivery on these through both financial and non-financial metrics, value creation indicators and the quality of our relationships. (For more information on measuring the value created for our stakeholders, refer to **page 10** and **page 17**.)



Identifying our key stakeholders

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.

Analysis of Redefine's stakeholders



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 and goals

Investors and funders	Source of sustained growth in total returns
Employees	Employer of choice
Tenants	Differentiated provider of relevant space
Property 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. 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.

◆◇◇◇◇	No existing relationship
◆◆◇◇◇	Relationship established, but much work to be done to improve quality of relationship
◆◆◆◇◇	Relationship established, value-generating connection, but with room for improvement
◆◆◆◆◇	Good-quality, mutually beneficial relationship, with some room for improvement
◆◆◆◆◆	Strong relationship of mutual benefit

Stakeholder relationships

Investors and funders

Level of stakeholder engagement

Engagement strategy

- Communicate value proposition as an outflow from brand promise
- Demonstrate delivery on value proposition and strategy through reporting, communications and other suitable media platforms
- Engage to understand issues/concerns and communicate how these have been addressed

Why we engage

By understanding our funders and investors' requirements and meeting their value expectations, we grow trust in our organisation, which strengthens our access to capital.

Issues raised

- Consistency in delivery on the strategy
- Complex investment 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 chairman welcomed

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 that includes non-executive directors
- Property tours
- Electronic announcements
- Editorial coverage in property sector and financial media, as well as thought leadership pieces
- Attendance at industry and investor conferences
- The integrated report

Our strategic response

- We communicate our long-term focus and strategy through our IR
- We remain committed to addressing concerns around the complex investment 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 elaborate on our transformation strategy in this report, and present 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 ◆◆◆◆◇

Integrated stakeholder engagement continued

Stakeholder relationships continued

Employees

Level of stakeholder engagement

Engagement strategy

- Communicate employee value proposition as an outflow from brand promise
- Engage to communicate and drive business initiatives to ensure delivery on business strategy, delivery on brand promise and values
- Engage and consult throughout employee lifecycle to understand and address concerns and improve levels of engagement

Why we engage

Our employees are fundamental to growing our brand and to the delivery of a high-quality service. We believe that employee engagement is vital to maintaining a motivated and aligned workforce.

Issues raised

- A need for two-way communication across multiple platforms
- Integration of new employees from acquired portfolios and insourced business 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

How we engage

- One-on-one interactions between staff and line managers
- Employee surveys
- Staff events
- Intranet and electronic newsletters
- Rewards and recognition programme
- Communications from the CEO's office
- Performance reviews and exit interviews
- Internal roadshows and presentations

Our strategic response

- Various platforms are utilised, and new additions considered to improve internal communication and 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
- Transformation remains a top 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
- Long-term staff incentive scheme was introduced to broaden our rewards strategy
- 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 support internal employee promotions, when opportunity arise, 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 mentorship and coaching
- Wellness programme offering financial, physical and emotional wellness support

Quality of relationship indicator	Employee engagement score

Tenants

Level of stakeholder engagement

Engagement strategy

- Communicate brand promise and value proposition
- Engagement plan includes the tenant experience programme (**STEP**), proactive communication plan (including matters relating to strategy, business updates and operational matters) and feedback mechanisms to understand needs, issues and concerns
- Demonstrate delivery on value proposition and strategy in all our actions

Why we engage

Our business would not survive without our tenants. By understanding and meeting our tenants' needs, but also assisting them to improve their offerings, we encourage lease renewals, which sustain and grow our business. By attracting and upskilling new-generation tenants with innovative solutions, we improve the offerings in our spaces, thereby remaining relevant.

Issues raised

- Inconsistent service levels throughout the tenant lifecycle
- Utility supply interruptions
- Increased cost of occupation
- Response time in resolving issues

How we engage

- We believe in the value of personal interaction and have on-site teams on our premises as far as possible
- Operational issues are communicated through various platforms, including emails 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

Our strategic response

- We have installed standby power supply solutions at several of our key retail properties, providing a full backup service, therefore 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 was 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 enquiries and complaints
- Introduced a tenant green guide to encourage sustainable behaviour

Quality of relationship indicator

Customer journey research survey
Centricity measurement tool

Integrated stakeholder engagement continued

Stakeholder relationships continued

Property brokers and suppliers

Level of stakeholder engagement

Engagement strategy

- Communicate value proposition as an outflow from brand promise
- Engagement includes proactive communication plan (incorporating matters relating to strategy, business updates and operational matters) and feedback mechanisms to understand needs, issues and concerns
- Broker incentive programme to drive leasing

Why we engage

We are dependent on our suppliers to deliver services in line with our brand promise that affect other key stakeholders (such as shoppers and tenants), and brokers to let out spaces within our portfolio. Therefore, their alignment to our brand promise is critical.

How we engage

- We have an extensive broker incentive programme (REACH)
- Our website is a key source of information for brokers regarding 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 was finalised during 2019. Based on the outcomes, we will further develop a more extensive engagement strategy for all our suppliers

Quality of relationship indicator	Broker feedback and surveys

Announcing the winner of the *Innovation Challenge* 2019 at the *Challenge Convention* in April 2019

Communities

Level of stakeholder engagement

Engagement strategy

- Communicate value proposition as an outflow from brand promise
- Relationship management, including proactive communication and engagement with communities
- Ongoing community and environmental analysis

Why we engage

Open dialogue and interaction with our communities affords us the opportunity to understand their needs and to further align our business to meeting these needs, but also to manage the impact they have on us, and we have on them. This is how we ensure we create mutually beneficial partnerships to reach our longer-term goals.

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 organisations

How we engage

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

Our strategic response

- This year, we launched the ***Challenge Revolution*** with the aim of bringing all stakeholders in and around our buildings, 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 opportunities 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 ◆◆◆◇◇

Finalists of the ***Innovation Challenge*** 2019

Risks and opportunities

At Redefine, we define risks as events that may impact our ability to deliver sustained value creation to stakeholders. The realisation of our value creation strategy depends on management being able to leverage opportunities and the associated risks, without jeopardising the direct interests of stakeholders. Sound management of risk will enable us to anticipate and respond to changes in the operating context, as well as make well-considered decisions under conditions of uncertainty.

We have adopted, and are guided by an enterprise-wide approach to risk management, which means that every identified material risk is included in a structured and systematic process of risk management. These risks are managed within a unitary framework that is aligned to corporate governance responsibilities.

Our risk management process is designed to effectively and proactively identify, assess, quantify, and mitigate events, providing us with reasonable assurance that our strategic objectives will be achieved through consideration of both the potential positive and negative effects of the risk.

We recognise that risk in business is a complex and diverse concept and that there are many parts of the organisation at work to manage risk. It is the intention that these parts will work together in a consistent and integrated manner, with the overall objective of mitigating risk. Consequently, a two-tiered approach is followed to identify, assess and manage risk: top-down and bottom-up.

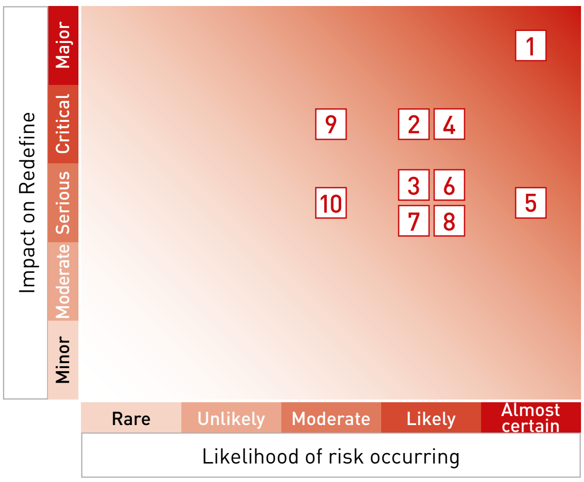
Risk management is not there to impede the management of business, but to assist with the achievement of our strategic objectives, and, therefore, simultaneously includes the identification of strategic opportunities throughout the execution of the risk management process.

Commitment to the group's philosophy of risk management and culture ensures the preservation of assets and earnings to deliver sustained value to all our stakeholders. With this in mind, we use the risk appetite process in conjunction with business planning and decision-making and apply our tasks in proportion to the company's continually evolving business dynamics.

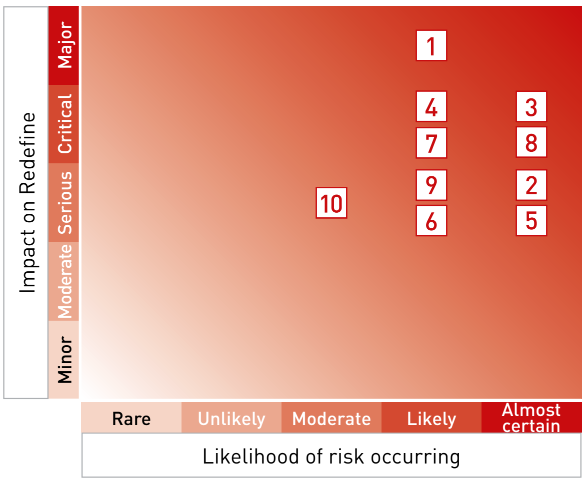
Top strategic risks

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, 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:

An 18-month time horizon



A five-year time horizon



Uncertainty about the long-term impact of geopolitical and socio-economic factors

1

[2018: 2]

Risk description and implications for value creation

Geopolitics and associated volatility, uncertainty, complexity and ambiguity create potential socially and economically disruptive conditions. The political environment in South Africa and other areas of interest remains volatile, which creates 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. These may result in the reduction in the demand for space, increased cost of doing business and the potential of tenant defaults.

Capitals impacted: FC, MC

Risk response – mitigating actions and opportunities

- Appropriate diversification of foreign and local assets and funding sources
- Enhance investment due diligence process and ongoing monitoring against due diligence rationale
- Scanning of external and internal factors (economy, sector-specific, regional and global political events)
- Rightsize the asset footprint to the capital base by focusing on asset quality and opportunities
- Position the core portfolio to withstand prevailing conditions and factor current volatility into future scenarios

Strategic matters impacted: OE, IS, OC, ET, GR

Impact of disruptive technologies

2

[2018: 1]

Risk description and implications for value creation

Unprecedented disruptive technological advances, with the potential to create new markets and disrupt traditional business models, underpin 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.

Capitals impacted: MC, IC, SRC

Risk response – mitigating actions and opportunities

- Alignment of property portfolio with trending technologies
- Enhancing our operating model with sustainable innovations such as online and virtual reality leasing and stakeholder engagement channels
- Factoring in 'big data' to analyse changing markets and behavioural trends to maintain relevance and align our property portfolio compatibility with trending technologies
- Leveraging off exogenous technology in all facets of our business
- Adopt a self-disruptive approach by focusing on developing a culture of innovation

Strategic matters impacted: OE, IS, ET

Deteriorating public infrastructure and poor administrative delivery locally

3

[2018: not ranked]

Risk description and implications for value creation

Political instability could potentially lead to local municipalities not maintaining or upgrading local infrastructure. This is further exacerbated by funding issues, inefficient administrative processes, insufficient supply capacity of utility suppliers and poor maintenance.

Capitals impacted: FC, MC, NC

Risk response – mitigating actions and opportunities

- Effective electricity and tariff management
- Development of and effective maintenance of relationships with appropriate management in local councils
- Focus on building efficiencies in demand management to reduce consumption
- Reduced reliance on municipal utilities supply by increasing sustainability through innovative utility supply models and methods
- Location of properties in well-serviced areas
- Participation in industry-led lobbying of local councils

Strategic matters impacted: OE, OC, GR

Inability to effectively manage our reputation

4

[2018: not ranked]

Risk description and implications for value creation

Our reputation could be impacted by the actions, skills and competencies of our people, processes we follow, the environment in which we operate and changes to our regulatory landscape.

Capitals impacted: SRC

Risk response – mitigating actions and opportunities

- Stakeholder engagement process with adequate crisis management and response plan
- Introduce a tenant experience management programme
- Add value, sustainably, to each community through meaningful engagement
- Continuously assess governance and ethical leadership and conduct, which in turn creates sustained value

Strategic matters impacted: OE, IS, GR, ET

Elevated risk | Emerging risk | Static risk | Reduced exposure

Risks and opportunities continued

5 Financial market volatility

[2018: 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.

Capitals impacted: FC, MC

Risk response – mitigating actions and opportunities

- Appropriate diversification of foreign and local assets
- Focus on funding and liquidity management through diversification of funding sources and hedging practices
- Proactive performance monitoring through regular forecasting
- Spreading debt maturity profile and geographical diversification
- Build business efficiencies, tweak tenant and asset mix to maintain distributions in depressed cycles to use as leverage and grow margins during upswings

Strategic matters impacted: OE, IS, OC

6 Damage to property and security-related threats

[2018: 7]

Risk description and implications for value creation

The risk of damage to property and security-related threats applies to our 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.

Capitals impacted: FC, MC, SRC

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
- Risk transfer through insurance and legal avenues at our disposal
- Contribute to security of communities in which we operate, thereby growing brand trust and improving reputational perception

Strategic matters impacted: OE, GR

7 Long-term impact of failing to transform at an acceptable level and pace

[2018: not ranked]

Risk description and implications for value creation

While it is not economically feasible at this stage to comply with all aspects of the new BBBEE code, we understand that inability to achieve BBBEE compliance and transformation at an acceptable level and pace could affect our ability to create value.

Capitals impacted: HC, SRC

Risk response – mitigating actions and opportunities

- Implement and monitor the transformation strategy while keeping abreast of any changes in the legislation and scorecard
- Ongoing focus on talent management through succession planning and career development to accelerate transformation and create an environment that embraces diversity and inclusivity and primes future leaders
- Support skills development projects to create a pipeline of future tenants and suppliers
- Pro-active, holistic transformation strategy and prudent execution thereof

Strategic matters impacted: OE, ET, GR

Increased competition for tenants, capital and property assets

8 [2018: 9]

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, increase in vacancies and, consequently, poorer rentals through the inability to attract and retain tenants.

Capitals impacted: FC, MC, SRC

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
- Ensure an appropriate diversification of funding sources

Strategic matters impacted: OE, IS, OC

Failure to comply with local and international laws and regulations

9 [2018: 8]

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, which may individually and/or collectively have a fundamental impact on our sustainability as a going concern.

Capitals impacted: FC, MC, HC, SRC, IC, NC

Risk response – mitigating actions and opportunities

- Strengthen governance mechanisms to provide oversight and monitoring
- Dedicated risk and compliance capacity created to oversee compliance risk management
- Understand impact and appropriate response for geographic footprint

Strategic matters impacted: OE, IS, OC, ET, GR

Misalignment with international partners (in-country)

10 [2018: 6]

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 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 in various forms.

Capitals impacted: MC, SRC

Risk response – mitigating actions and opportunities

- Enhanced due diligence and partner selection
- Ensure representation on the boards of international partners
- Strategic and economic alignment
- Oversight and monitoring of business plans and strategy
- Oversight of governance practices

Strategic matters impacted: IS, GR

Refer to **page 40** for an overview of the assessment of the strategic risks considered from an inherent risk perspective.

Elevated risk | Emerging risk | Static risk | Reduced exposure

Our **operating** context

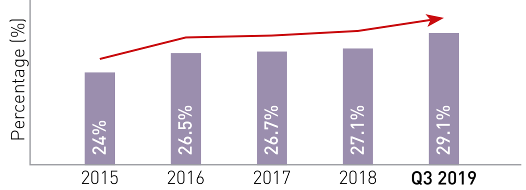
Through our materiality process, we identified four broader trends that are expected to significantly impact our business over the short, medium and long term. Our strategy positions the business to seize opportunities and mitigate risks associated with each of these trends. For a discussion on our materiality assessment process, see **page 6**.

Uncertain geopolitical and socio-economic growth factors

SOUTH AFRICA

- While weak economic growth persists, fiscal stimulus has yielded little longer-term reward
- Unemployment remains high at 29.1% in the third quarter of 2019 and youth unemployment at 58.2%[1]

Unemployment rates in South Africa



- Government finances continue to deteriorate, with the interest rate paid on government debt exceeding the real growth rate of the economy[2]
- The financial instability of state-owned entities continues to present a major risk to the South African economy, with potential to lead to a further sovereign downgrade
- Infrastructure is deteriorating, and administrative delivery is poor
- Business and consumer confidence have shifted downwards, exacerbated by policy and political uncertainty
- Low growth has increased competition for tenants, capital and property assets
- Critical skills remain scarce, and finding the best people is an ongoing challenge for the business

For more more information on our South African operating context per sector, please see our retail discussion on **page 79**, office on **page 83** and industrial on **page 87**.

INTERNATIONAL

- Against a backdrop of uncertainty, global growth is slowing down
- Concerns regarding global trade wars and their impact on emerging markets prevail
- Emerging market sentiment is volatile, on the back of monetary policy normalisation
- Uncertainty regarding the outcome of Brexit has knock-on effects, for example, continued weakness in the retail environment in the UK, rendering fiscal policy as an economic stimulus redundant
- The interest rate environment is low

For more information on our international portfolio context, please see **page 91**.

How this impacts our strategy

By focusing on our strategic matters, we continue to look beyond the distractions to manage the variables under our control.

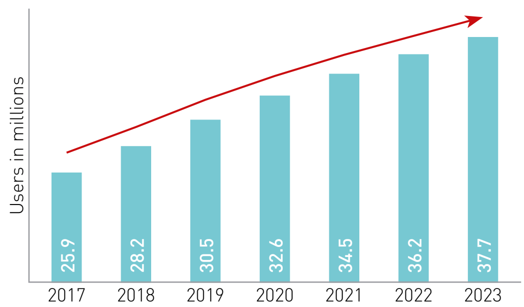
As the property sector recalibrates to an environment of costly capital, with a leasing environment reshaped by low levels of confidence and persistently subdued economic fundamentals, we believe that our purpose-driven, strategic approach will become increasingly relevant.

For more information on our strategic response, please see **page 52-58**.

Disruptive technologies reshaping traditional business models

- Technology is driving real change in the way we use and manage spaces
- Technology presents an opportunity across the property sector for those who can leverage its potential
- Against a backdrop of rapid change, asset owners around the globe are increasingly concerned about relevance
- Mobile technology, in particular, has enhanced the consumer's power, which is necessitating new business models across the retail, office and industrial sectors
- Continued growth of online retail sales, and changes in retail technology and consumer behaviour, are reshaping physical stores

In the South African eCommerce market, the number of users is expected to reach to 37.7m by 2023[3]



- The flexible workspace industry is still in the early adoption phase in many global markets, with the majority of corporates and landlords still exploring the options available to them
- Alternative real estate investments are increasing, particularly student housing, co-living and co-working, among others
- Spurred by technology, there has been a shift away from focusing on the brick and mortar of property portfolios to the service aspects of real estate – a shift towards the idea of space as a service
- Assets will need to adapt to meet the needs of the people using them more effectively or be converted to entirely new uses

How this impacts our strategy

We will continue to build an asset platform that remains relevant to its users by continuously improving, expanding and protecting our portfolio. We consistently seek to drive innovative business projects and embrace technological disruption to ensure that we sustain organic growth and futureproof our business.

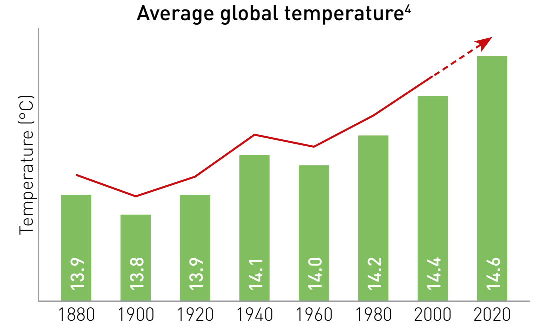
For more information on our strategic response, please see **page 52-58**.

[1] https://www.worldbank.org/en/country/southafrica/overview
[2] https://businesstech.co.za/news/finance/334839/south-africa-is-running-out-of-time-to-tackle-its-growing-debt-problem-economist/
[3] https://www.statista.com/outlook/243/112/ecommerce/south-africa#market-users

Evolving role of business in creating a prosperous and sustainable society

- Rising temperatures, changes in rain patterns, and extreme weather conditions caused by climate change, are growing concerns for property owners and investors alike

Average global temperature[4]



- Climate change could result in capital depreciation due to infrastructure damage by extreme weather events
- In addition to the effects of climate change, urban environments are threatened by increased air pollution and the rapid loss of green space and biodiversity.
- Overstretched, outdated and resource-inefficient infrastructure plagues our South African cities
- As technology advances rapidly, the infrastructure costs of renewable energy generation continue to decline, making it more affordable, particularly for new builds
- Increasingly, people are choosing to work, shop or spend time in places that have a positive impact on their wellbeing
- At the same time, employees want to work in buildings with strong environmental credentials and for businesses that are serious about their environmental responsibilities
- Given the cost and environmental impact of developing new buildings, the redevelopment and refurbishment of existing buildings are expected to become critical in the future
- We also recognise that social relevance in our socially volatile operating context is a business necessity
- Given increasing unemployment, particularly among youth, in the communities surrounding our buildings, as well as an increase in stakeholder activism, there is greater responsibility on property owners to engage with communities and consider impactful investment in these communities

How this impacts our strategy

Operating in a long-term asset class, we make strategic choices with lasting impacts. We, therefore, continue to broaden our interpretation of sustainability, embedding environmental considerations into business strategy while deepening our understanding of our stakeholders' needs – managing their impact on us, as well as our impact on them. Integrating business innovation is also vital in identifying innovative solutions that strengthen business processes while forging meaningful partnerships that generate sustained value for all our stakeholders.

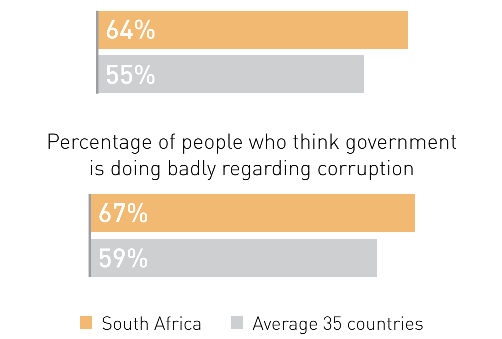
For more information on how we are responding, please see our strategy discussion on **page 52-58**.

Heightened demands on governance and regulatory context

- Against a backdrop of large-scale private and public-sector corporate governance failings, South Africans believe that institutions still have a long way to go before they earn greater trust

Transparency International Global Corruption Barometer[5]

Percentage of people who think corruption increased



- Citizens continue to place greater demands on business – three out of four South Africans express the belief that business should take the lead in change, rather than waiting for government to impose it[6]
- Regulatory and policy developments remain an important challenge across all our markets as the regulatory landscape continues to evolve at an unprecedented rate, with increasingly stringent requirements across all geographic markets in which we operate

How this impacts our strategy

We remain focused on deepening ethics awareness throughout the business and prioritising corporate governance practices that show that we are serious about ethics. We believe that our responsibility extends beyond compliance, and that proactively identifying relevant existing and emerging legislation is critical to ensuring compliance. Conducting quantitative ethics assessments annually is critical to monitoring our ethical status and driving improved ethical conduct, compliance and risk management. By embracing this approach, we can maintain our reputation as a responsible corporate citizen.

For more information on how we are responding, please see our strategy discussion on **page 52-58**.

[4] *http://www.earth-policy.org*
[5] *https://www.afrobarometer.org*
[6] *https://www.edelman.com/post/south-africa-trust-falls-business-expected-to-lead*

Mentorship is key to overcoming these barriers through the passing on of experience, skills and networks.

Trevor Naidoo

Guest and mentor on season 2 of *The Mentorship Challenge*

Watch his episode on our YouTube channel

Responding strategically

Creating spaces to... impact

Trevor Naidoo believes in the importance of contribution, individually and as a business, to facilitate the change we would like to see in South Africa. Trevor knows that meaningful transformation within the procurement space is the way to make a sustainable difference to the outlook of thousands of South Africans. In fact, he has built his company, ProcureSense, on this very belief.

In addition to his company's commitment to drive change, Trevor also chose to join *The Mentorship Challenge* because he felt that he could contribute as an individual, in much the same way that he himself benefited from mentorship in his career. **"I have experienced the benefits of mentorship first-hand – the value that it has added to my life."**

Armed with a strong belief that mentorship is a critical success factor, especially in our South African context where opportunities for the youth are so limited, Trevor decided to step into the gap. **"Many young people come from backgrounds in which they may be the first in their families to pass matric or go to university or start a business. A lack of experience and knowledge in these areas often leads to failure, or, at the very least, a lack of significant progression. Mentorship is key to overcoming these barriers through the passing on of experience, skills and networks."**

Trevor is also an adamant proponent of the benefits of mentorship for the mentor themselves. **"I have learnt a lot myself. There are so many ambitious young people in our country, hungry to learn and succeed. Being exposed to their passions has reinvigorated my desire to bridge the gap in skills and experience, while extending support through the networks I have available."**

When asked what advice he would offer an individual just starting out, Trevor had this to say, **"Fail fast. Fail forward. Fail often! The pace of change is exponential and the ones that will succeed in the coming years are the ones who can continuously unlearn and relearn."**

Trevor believes that mentorship and initiatives such as ***The Mentorship Challenge*** help entrepreneurs to do exactly that, and he has pledged to continue giving back in this sphere – continuing to impact the trajectory of both those he mentors and those he supports through his work.

impact, ***verb***
'have a strong effect on someone or something'

Chief executive officer's **review**

Introduction

Our continuous pursuit of deepening our integrated thinking forms the foundation for our integrated report. This report tells the holistic story of how we use and impact our interconnected and interrelated capital resources in the journey to create sustained value for all our stakeholders.

Against a backdrop defined by mounting challenges and resource scarcity, by stringently managing the factors under our control, the group achieved a 4% growth in the full-year distributable income per share to 101 cents per share, in line with market expectations.

More significantly for me, however, is the progress we have made in the journey towards more clearly articulating our long-term strategic roadmap, demonstrating our commitment to generating sustained value.

Taking a long-term view

In South Africa, which is our primary base of operation, we are confronted with a unique set of challenges, including lagging infrastructure development, severe inequality and limited economic growth. Globally, growth has continued to weaken; momentum remains fragile and sluggish investment undermines the foundations for sustained growth. Furthermore, across the globe, ecological pressure is mounting, and, as a result, environmental activism is on the rise.

Truthfully, the reality we are facing is that testing and volatile times are here to stay. It will be our response to these widespread challenges that will define our success – both today and into the future.

Despite the challenging environment in which we operate, at Redefine, we seek to harness opportunity at every turn. For us, this means looking inward, analysing our business model and adapting our strategic priorities to position ourselves to contribute constructively to a more sustainable operating environment, while ensuring we deliver enduring value to our stakeholders.

We believe that this pursuit aligns us with our purpose which acts as the backbone of our organisation. It unites us, providing an internal guide for consistent decision-making when applying an integrated approach to our strategic choices, and thereby enabling a stringent organisational focus and strategic discipline. In this way, we will ultimately achieve our purpose of **creating and managing spaces in a way that changes lives.**

Recalibrating to an environment of scarce and costly capital

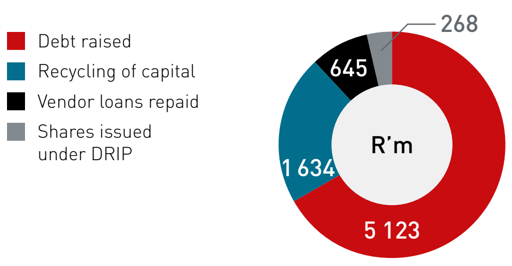
In a context defined by weak growth, softening bond yields and diminishing investor confidence, capital has become a costly and constrained resource.

Strengthening the balance sheet to build a diversified and sustainable capital, structure through disciplined allocation of scarce capital and right-sizing the asset footprint to the constrained capital base, is our top priority. To reduce the loan-to-value ratio to our comfort zone of 35% to 40% will be achieved through a multi-pronged approach, which includes disposing of R8 billion of non-core assets, introducing an equity investor into our European Logistics Platform and restoring the value of our under-performing assets.

Furthermore, to build a diversified and sustainable capital structure, at year end, we announced a dividend pay-out policy to add another source of funding which aligns to international REIT best practice and is pitched at a level that poses no tax leakage. We believe that this move speaks to the heart of sustainability – that is, making hard decisions today that enable sustained value creation into the future.

For more information, please see our trade-offs on **page 62**.

Sources of financial capital amounting to R7.7 billion



Funded deployment of capital of **R6.9 billion** and working capital of **R0.8 billion**

Building an asset platform that sustains growth

With a focus on building a quality, diversified portfolio, we expanded the property assets under our management to R95.4 billion, from R91.3 billion during the previous year, while international real estate investments now make up 23.7% of the portfolio, from 20.7% in 2018.

During the year, R6.9 billion was deployed into property assets, with local development activity totalling R2.4 billion. Offshore expansion totalled R4.3 billion, with R3.6 billion invested in Poland.

We continue to focus on the recycling of non-core assets to position the portfolio for sustained organic growth. During the year, we disposed of 17 properties with a combined gross leasable area (GLA) of 160 076m^2, which no longer served Redefine's investment criteria. The properties were disposed of to various buyers for an aggregate consideration of R1.0 billion, at an average yield of 8.2%.

Locally, pressures throughout the economy continued to adversely affect performance across all sectors. Accordingly, rental growth slowed and leasing activity remained challenging – as demonstrated by our portfolio rent reversion of -2%.

Andrew König
Chief executive officer

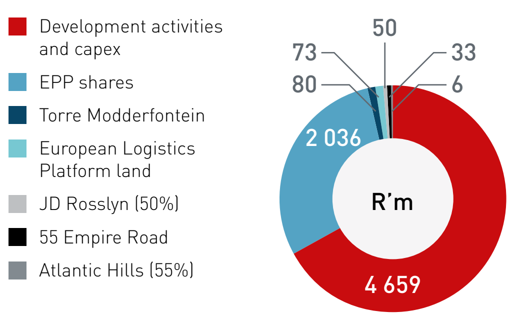
Chief executive officer's **review** continued

In this market of limited new users of space, tenant retention is critical. Across the business, we are significantly increasing face-to-face tenant engagement to actively seek out opportunities to unlock mutual value. Optimising renewal and new lease activity is a top priority, while pursuing selective refurbishments and development opportunities to further enhance the quality of our portfolio. In addition, we have set about developing an integrated engagement approach to enhance our broker and tenant representative relationships.

As a result of these and other initiatives, **we improved total tenant retention to 93.3% from 90.4% in 2018,** while active portfolio occupancy was maintained at 94.9%, with our weighted average lease expiry by gross monthly rental (GMR) at 3.7 years (2018: 3.7 years). Redefine's intense focus on enhancing operating efficiency continues to achieve competitive results, with our active portfolio margin at 83.2%.

We continue to implement innovative non-GLA income opportunities throughout our portfolio to diversify our revenue streams. It is pleasing to report that our wi-fi platform is live at 15 malls and receiving 1.2 million impressions per month, and generating income (For more information on the value of this initiative, please see **page 109**). Furthermore, our digital LED strategy is on track, and we anticipate that 20 LED screens will be live by March 2020.

Financial capital allocation of R6.9 billion



Broadening our interpretation of sustainability

Uncertain geopolitical and socio-economic growth factors, evolving stakeholder expectations concerning the role of business in society, along with a heightened emphasis on ethical governance, are just a few of the factors affecting our day-to-day operations. These trends have the potential to significantly impact our ability to create value in the medium to long term. Many of these factors are largely interrelated and are all continually evolving, influenced by the vast connectivity we are experiencing due to technological advances.

Against this backdrop, we believe that the concept of sustainability is critical. For us, this means understanding our impact on the environment and its effects on us. It is more than being environmentally conscious or investing in social initiatives in isolation. Sustainability refers to our ability to use the resources at our disposal to support our ability to create value today, while proactively responding, and shaping, the future drivers of our success. It is about forging an operating model that enables us to adapt to change to meet the needs and expectations of our investors – and our broader stakeholders alike – to support long-term value.

In South Africa, compounding social challenges, including large-scale unemployment and rising inequality, place a growing impetus on us all to ensure that transformation remains a priority issue. Redefine's approach to transformation is to create benefit for the wider society. It is pleasing to report that we once again 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 the goals of BBBEE and continually strive to improve our impact and score.

Our ***Challenge Revolution*** initiatives continue to bear fruit, positively impacting our social landscape through informed, targeted initiatives that create shared value for Redefine and our stakeholders. For more information on the process and outcomes of these initiatives, please see our social and relationship capital section (**page 100**).

I am pleased to report that we have maintained our position as the South African REIT with the largest solar PV footprint in South Africa, and **increased the number of Green Star SA certifications significantly from 44 certifications** in 2018 to **74 this year**. We continue to explore water efficiency projects to ensure the security of supply, while seeking to reduce our water consumption. New smart water valve technology was installed at 4 properties in our portfolio.

From a waste management perspective, we have expanded external waste management to office buildings as part of our Green Star project. However, the appointment of external waste management contractors has been challenging as this directly increases tenant operating costs – which is not ideal given the current economic climate. We will continue to explore opportunities to manage this impact on our natural environment, while taking cognisance of the constrained operating context and the need to demonstrate a sustainable return on investment.

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 vital. We, therefore, believe that it is 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. As part of this endeavour, we have begun our journey of modernising our human resource (HR) systems to improve engagement and focus on competencies as opposed to skills.

> In fact, it is pleasing to note that our 2019 baseline employee engagement survey indicated that **our staff are highly engaged, with a score of 87%, which significantly outperforms the global and South African benchmarks of 64%.**

While we cannot predict exactly what the jobs of the future will look like, we will continue to invest in our people – the ambassadors of our brand and the caretakers of our future success.

Outlook

Looking ahead, we anticipate GDP growth to remain lacklustre, plagued primarily by electricity supply constraints and the weak global environment. Compounding the situation is the lack of clear responses on contentious reforms, including land expropriation without compensation, national health insurance, prescribed assets and the sale of ill-functioning state entities, which continue to weigh on confidence levels. Given this, I believe that the trigger for any potential upturn will not be through the conventional means of global, monetary or fiscal policy, but through strong leadership at a national level that restores confidence.

In this volatile environment, we believe that our purpose-driven approach is not only appropriate, but will, in fact, continue to grow in relevance. We remain focused on stringently managing the factors under our control, while seeking to capture value for all our stakeholders through innovative integrated approaches to value creation.

Appreciation

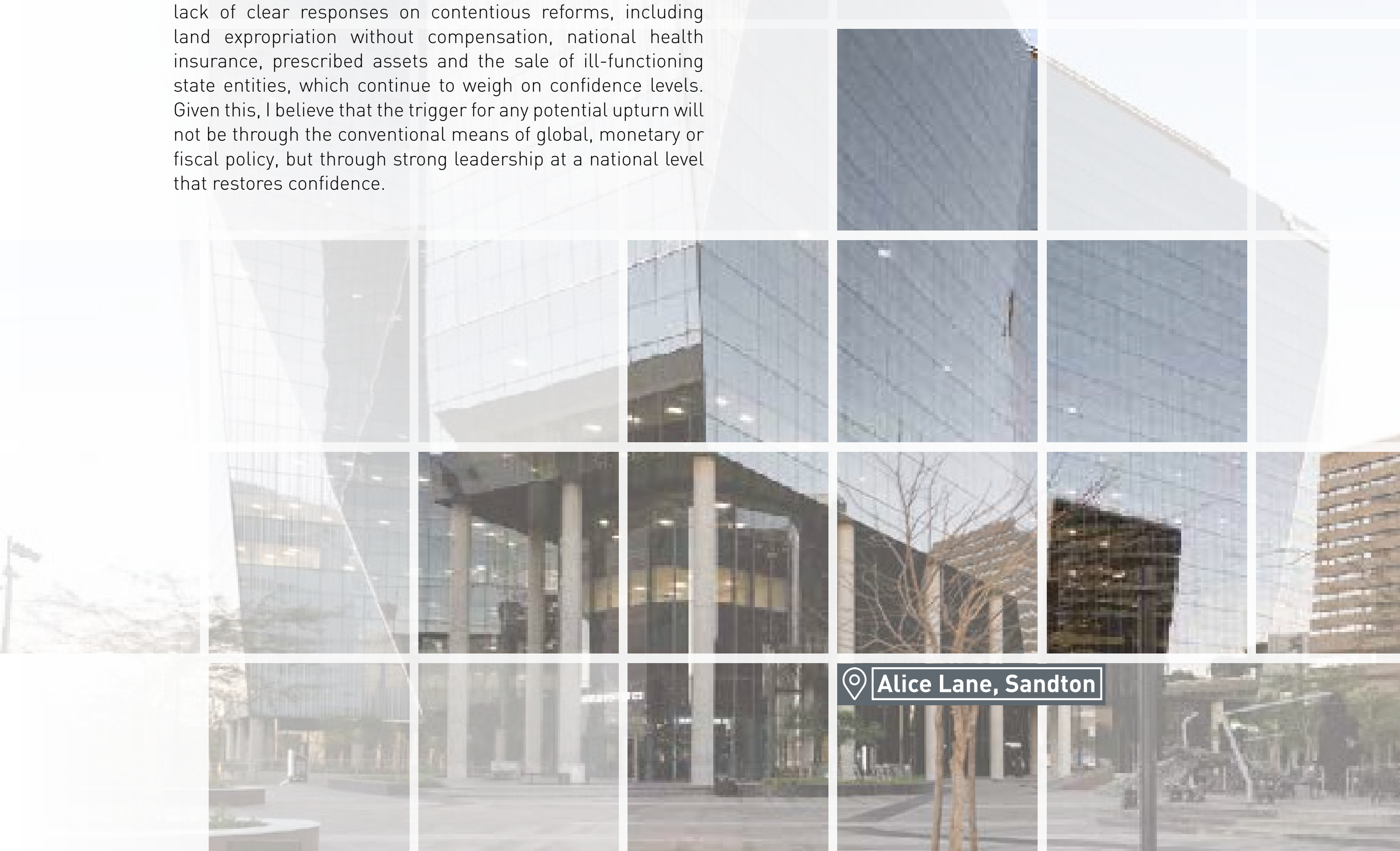
My appreciation goes to all my colleagues who worked tirelessly to deliver on our strategic objectives. This success was enabled by the strong leadership and motivation of David Rice, Leon Kok and Mike Ruttell.

A special word of gratitude goes to Marc Wainer, whose guidance, instincts and inspiration lifted Redefine to achieve great heights and to become who we are today. Going forward, we stand on your giant shoulders, Marc.

To our board, your support and strategic guidance are what enable us to execute our purpose. Thank you for your confidence and trust in us as an executive management team, and for providing us with the room to be *brave, ethical, sustainable* and *trustworthy* in every aspect of what we do.

As we focus our efforts on achieving our ambitions for the new financial year, as a Redefine team, we recognise that there is nothing stronger than our collective passion and initiative in delivering on our brand promise to all our stakeholders. I know that with all our *heads up, hearts in* and *hands on*, and the continued backing of our valued stakeholders, we are well on our way to realising our purpose – which drives our ambitions today, tomorrow and into the future.

Andrew König
Chief executive officer



Introduction
Who we are
Our business in context
Responding strategically
Value creation

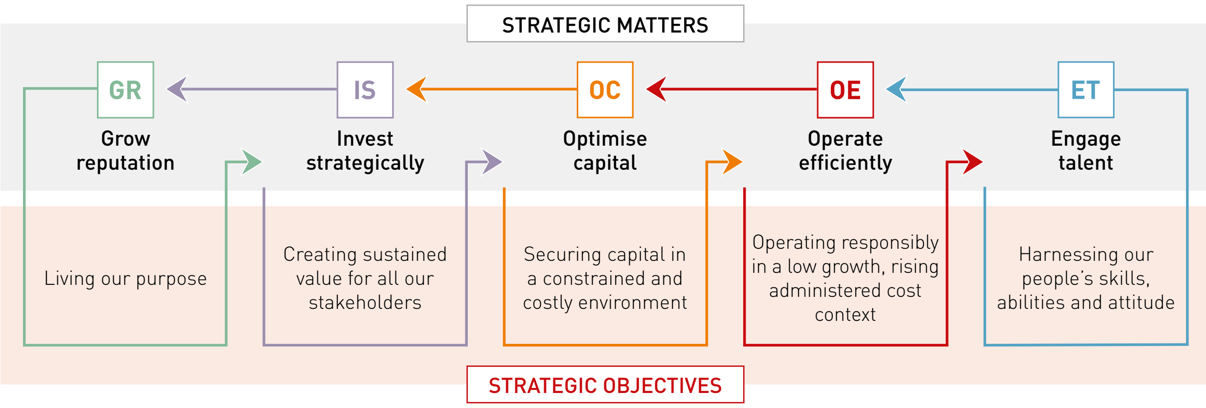
Strategic overview

Our reason for being

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.

We adopt an agile and uncompromising approach to the way we do business. Our focus is on real estate and related investments – not a particular sector.

Our strategy is formulated considering our five strategic matters through an integrated approach. They are the critical levers that have the potential to impact our ability to create value over the short, medium and long term.



SHORT- AND MEDIUM-TERM STRATEGIC PRIORITIES

Our purpose-driven, strategic approach is appropriate for the environment in which we are currently operating.

	How we will get there in 2020	Anticipated outcome
GR	▫ Safeguard Redefine's brand ▫ Remain relevant to stakeholders ▫ Heighten focus on ESG	▫ Improved stakeholder perceptions ▫ ESG considerations embedded in all areas of the business
IS	▫ Continued focus on asset quality ▫ Offshore expansion through development activity ▫ Restoring value of underperforming assets	▫ Improved quality and relevance of local portfolio ▫ Expanded offshore logistics platform ▫ TNAV per share lifted by 6%
OC	▫ Right-size asset footprint to capital base ▫ Introduce dividend pay-out policy	▫ Improved forward yield ▫ Lowered LTV ratio to comfort zone of between 35% and 40%
OE	▫ Focus on organic growth ▫ Expand non-GLA income sources ▫ Roll out solar PV interventions ▫ Proactive utilities management ▫ Unlock procurement efficiencies	▫ Maintained active portfolio margin ▫ Significantly reduced non-recurring income
ET	▫ Instill a culture of innovation and accelerate transformation	▫ Maintained staff engagement levels ▫ Improved transformation across all levels

For more information on our **local investment strategy** see **page 76**

For more information on our **international investment strategy** see **page 91**

For more information on our **stakeholder engagement strategy** see **page 34**

For more information on our **natural capital strategies** see **page 110**

LONG-TERM STRATEGIC PRIORITIES

Operating in a long-term asset class, we make strategic choices with lasting impacts. Deeply considering the sustained impacts of our choices is therefore critical and makes embedding a broader definition of value into every aspect of our business essential.

How we measure the delivery of sustained value year-on-year

By taking an integrated, long-term approach to strategy, we are able to increase our total return through improved cash flow in order to deliver sustained growth for all our stakeholders.

Our primary long-term objective

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

How we create value:	Distribution per share + tangible net asset value (TNAV) growth per share
Target:	Greater than 15%
How we measure up:	**2019: 7.05%** | 2018: 17.7% R

How we'll get there

In line with this long-term view of our business, we have identified the sustainable development goals (SDGs) that we believe are most relevant in terms of potential impact and opportunity for our business.

Our four SDGs to which we believe we can contribute the most

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

We believe by considering future sustainability and ESG factors, we build value, and this is simply responsible business practice.

We continue to **broaden our interpretation of sustainability,** looking beyond environmental considerations

We continue to **deepen our understanding of our stakeholders' needs,** while **managing their impact on us and our impact on them**

We focus on proactively **managing and enhancing our reputation** in all that we do

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 during 2020.

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 environmental impact
To minimise our impact on scarce natural resources, as well as educate our stakeholders to minimise their impact on the environment

R Link to executive directors' remuneration | Negative outcome

Performance against our strategy

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

GR Grow reputation

OVERVIEW

Why it matters most

Our brand is the essence of who we are and the glue that holds our business together. We differentiate ourselves through a dedicated people-centric approach to business in all aspects of what we do, focusing on excellence in the context of relationships. Growing our reputation in the execution of all aspects of what we do leverages off of our relationship capital.

Resource allocation

During 2019, we invested significant human and financial capital into developing integrated social capital initiatives that would generate intellectual capital and further our goal of contributing to a more inclusive and stable social context.

HC FC SRC IC

Related material themes

For more information on how we're managing our various material matters, please see the discussion within our capital sections.

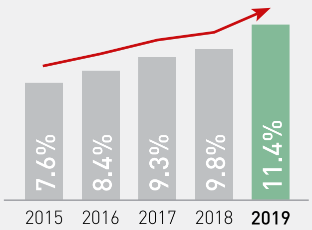
Contributing to long-term objectives

Property is embedded in the community, which means that an unstable socio-economic context defined by large-scale unemployment and rising inequality adversely impacts the sustainability of our business. Conversely, by engaging in informed, targeted initiatives that create mutual benefit for Redefine and our stakeholders, we ensure the long-term resilience of our operations.

UNPACKING OUR PROGRESS

KPI	Forward yield R
Target	Distribution forward yield of equal or less than R186
Why this KPI is important	Our distribution forward yield ultimately reflects the market's rating of our ability to deliver sustained value in the form of growing distributions and capital growth.

Five-year trend: Forward yield



2019 outcomes

- International Council of Shopping Centres Solal award for ***Innovation Challenge***
- Carbon emissions savings from our solar installations for the year equate to taking approximately 7 340 passenger cars off the road
- Expanded external waste management to office buildings as part of our Green Star SA certification programme
- Continue to install various technologies such as online monitoring and leak detection, smart shutoff valves and sensors in bathrooms to reduce water consumption
- Centurion Mall and Kyalami Corner won gold at Footprint Marketing Awards 2019
- 233 stakeholders engaged with the second ***Challenge Conventio***n at Maponya Mall
- Improved board independence – appointed Daisy Naidoo. 100% of non-executive directors independent
- 55% of board is female
- 3rd in EY Excellence in Integrated Reporting Awards 2019

Outcomes: Positive | Negative | In progress

R Link to executive directors' remuneration

IS Invest strategically

OVERVIEW

Why it matters most

We are seasoned property and financial professionals. We use our combined years of experience to make strategic choices to selectively deploy our capitals to create enduring benefit for our organisation, while sustaining value for our investors, tenants and all other stakeholders. This insight sets us apart and is material to our future success.

Resource allocation

We are in the business of generating cash flow in order to enable sustained growth in value. We do this by allocating financial capital where we believe the best market opportunities lie, and reducing risk by diversifying our property portfolio. Locally, the focus is on allocating financial capital to improve, expand and protect our domestic properties in order to attract and retain quality tenants, while enhancing our resource efficiency. Internationally, our focus is on expanding foreign income and capital growth opportunities at low risk by investing in properties that support our long-term objectives.

FC MC NC

Related material themes

For more information on how we're managing our various material matters, please see the discussion within our capital sections.

Contributing to long-term objectives

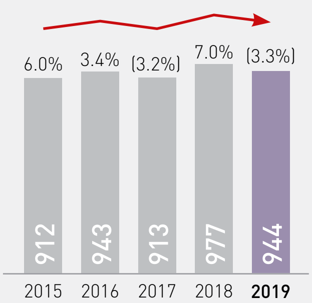
To achieve our purpose, our capital allocation decisions must take the long-term consequences of our investments into consideration. We invest in greening our buildings and in renewable energy, where possible, as well as incorporating flexible development solutions, because we believe that this is a business imperative in ensuring the sustainability of our business, which is reliant on the wellbeing of our planet.

2 4 6 9 11 13

UNPACKING OUR PROGRESS

KPI	Tangible net asset value (TNAV) per share R
Target	TNAV growth of greater than 6%
Why this KPI is important	TNAV is the value of an entity's tangible assets less the value of its liabilities. TNAV 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 TNAV.

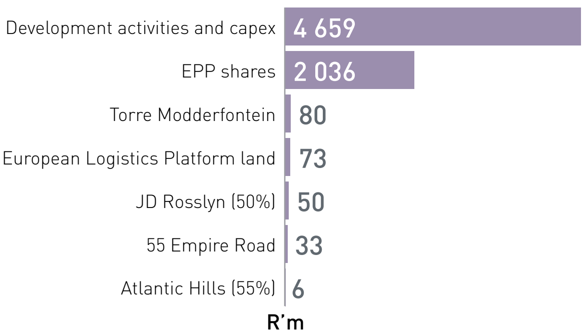
Five-year trend: TNAV



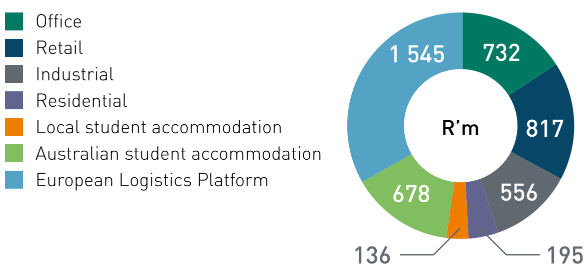
2019 outcomes

- Property assets under management expanded to R95.4 billion
- Deployed R6.9 billion into property assets
- Offshore expansion totalled R4.3 billion, with R3.6 billion invested in Poland
- Local development activity totalled R2.4 billion
- TNAV declined by 33.0 cents per share to 943.9 cents per share

Capital deployed of R6.9 billion



Sectoral split of development activities and capital expenditure R4.7 billion



Performance against our strategy continued

OC Optimise capital

OVERVIEW

Why it matters most

We need to have adequate funding available to deploy capital into the right property opportunities and meet operational requirements. Exposure to interest rate and currency volatility need to be responsibly managed. We also need to ensure that our existing portfolio is optimally funded to increase our returns and ensure sustained and predictable growth. By optimising capital, we make the best use of scarce financial capital to create value for our stakeholders recognising that liquidity trumps credit.

Resource allocation

We are recalibrating to an environment of scarce and costly capital. This necessitates a well-considered process to recycle manufactured capital to generate financial capital to lower our LTV ratio without causing damage to the sustainability of our income-earning manufactured capital base.

FC MC

Related material themes

For more information on how we're managing our various material matters, please see the discussion within our capital sections.

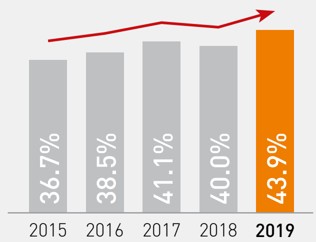
Contributing to long-term objectives

Strengthening the balance sheet to build a diversified and sustainable capital structure through disciplined allocation of scarce capital ensures that we have the resources at our disposal to support our long-term ambitions.

UNPACKING OUR PROGRESS

KPI	LTV R
Target	Maintain LTV ratio of below 40%
Why this KPI 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.

Five-year trend: LTV



2019 outcomes

- Average cost of debt decreased by 50bps to 5.8%
- Interest cover ratio maintained at 4.3x (2018: 4.3x)
- Implemented a dividend pay-out policy
- Interest rates hedges on 87.3% of total debt
- LTV increased to 43.9%

Improving the LTV is being addressed through a combination of:

- Local property disposals totalling R1.2 billion
- Selling non-core assets to realise R8 billion
- Introducing an equity investor into the European Logistics Platform
- Limiting speculative capital expenditure going forward
- Placing a halt on acquisitions
- Introduction of a dividend pay-out policy
- Restoring value of under-performing assets

Outcomes: Positive | Negative | In progress

R Link to executive directors' remuneration

OE Operate efficiently

OVERVIEW

Why it matters most

Operational efficiency is not only about cutting costs. It's about finding the best possible way to do what we do with the capitals at our disposal. In the current environment, we need to weatherproof our cash flow by focusing on the variables under our control.

Resource allocation

We are allocating an increasing amount of financial and human capital to greening our buildings in line with our objective to optimise energy, water usage and recoveries to maintain operating margins and to address growing natural capital deficits. Facilities and utility management interventions to further improve operational sustainability will also require additional human capital and financial capital investment.

HC FC MC NC

Related material themes

For more information on how we're managing our various material matters, please see the discussion within our capital sections.

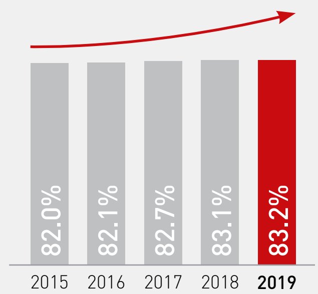
Contributing to long-term objectives

We recognise that improving the efficiency of our buildings has positive cost implications in the long term for our business while contributing to the creation of more sustainable cities that address the issue of climate change. To achieve this, we focus on implementing innovative solutions that improve our resource efficiency and demonstrate a meaningful return on investment.

UNPACKING OUR PROGRESS

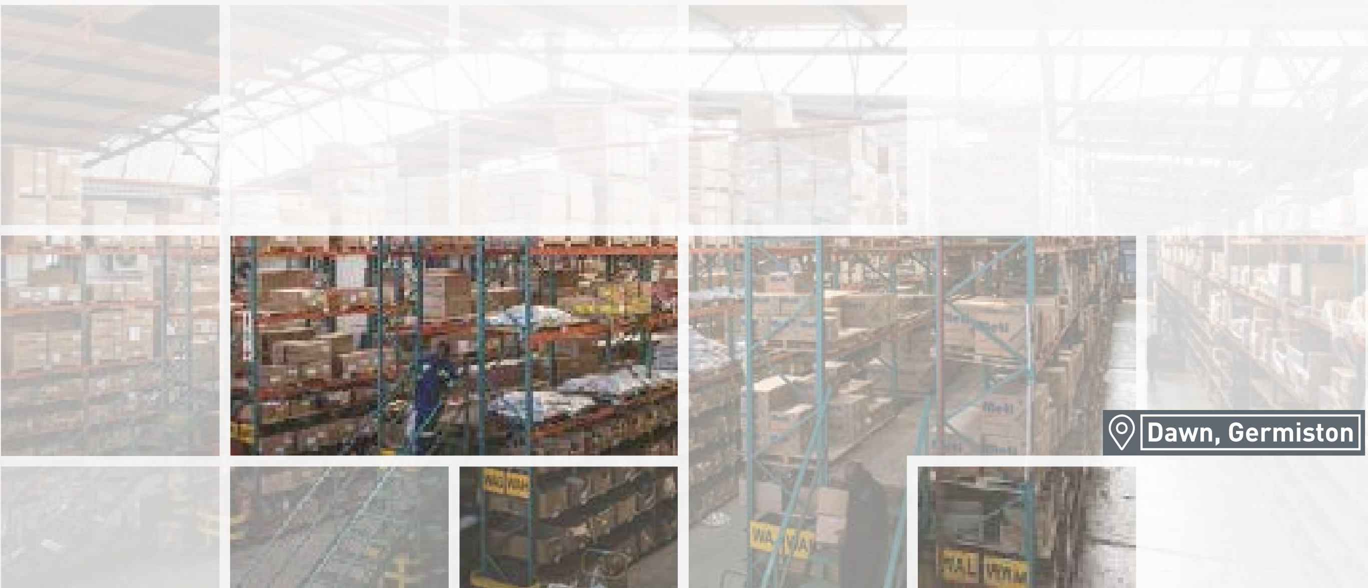
KPI	Net operating income margin (NOI) R
Target	Greater than 80%
Why this KPI is important	NOI is a profitability metric we use to measure our portfolio's efficiency. NOI measures the amount of income that our portfolio generates. NOI margin demonstrates how efficiently our business processes manage costs in relation to revenue growth.

Five-year trend: NOI margin



2019 outcomes

- Active portfolio margin maintained at 83.2%
- Active portfolio occupancy decreased to 94.9%
- Total solar PV capacity increased to 23.7 MWp
- 454 049m² renewed at an average reversion of -2%
- Tenant retention rate at 93.3%
- Recurring income growth of 6.6%



Performance against our strategy continued

ET Engage talent

OVERVIEW

Why it matters most

Recruiting and developing individuals who have the qualifications, know- how and people skills necessary to support our people-centric business is an ongoing challenge that we seek to address to continue our growth trajectory. Inspiring our people to go above and beyond the call of duty, through various programmes, supports our vision of being the best in all aspects of what we do.

Resource allocation

We invest significant amounts of time and money in initiatives that other companies may consider discretionary spending. Investing in our staff training and engagement initiatives drives employees' productivity, contribution and engagement, as well as our brand and reputation.

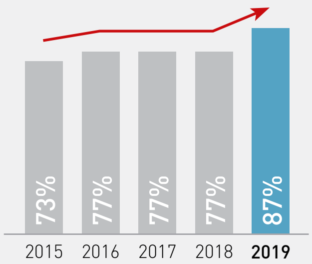
HC FC IC

Related material themes	Contributing to long-term objectives
For more information on how we're managing our various material matters, please see the discussion within our capital sections.	Through skills development and opportunity creation, we provide the stepping stones for our employees to move up the pay scale by gaining valuable skills, training and experience through our internal programmes.

UNPACKING OUR PROGRESS

KPI	Engagement score R
Target	Maintain or improve previous year's engagement score
Why this KPI 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.

Five-year trend: Engagement score



2019 outcomes

- 197 learners completed our learnership programme since 2013
- Certified as a Top Employer
- Employee engagement score of 87% – above global and local benchmark
- Business processes restructured to enable service excellence
- Focusing on people, not jobs, is the key to sustainability
- Transformation across all levels in progress

Outcomes: Positive Negative In progress

R Link to executive directors' remuneration

Loftus Park, Hatfield

Remuneration practices **creating value**

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 therefore need to continually balance short-term performance expectations against long-term objectives. Our remuneration policy is designed to encourage the achievement of our group strategy, which is our roadmap towards achieving sustained value for all our stakeholders.

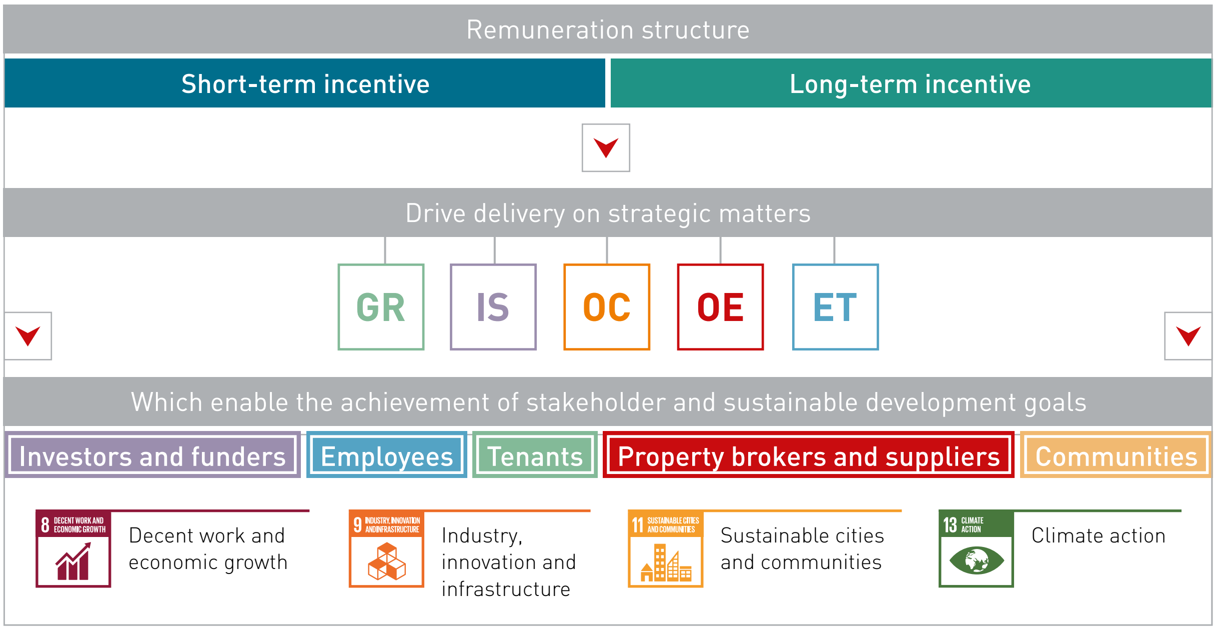
Our 2020 strategic matters and value creation goals will be realised through achieving the forward-looking key performance areas (KPAs) for the short-term and long-term incentives.

The pay and vesting outcomes for the 2019 KPAs are explored in more detail in the **remuneration report** in the ESG report.

Our variable pay framework is supported by a strong remuneration governance framework, the elements of which are summarised below.

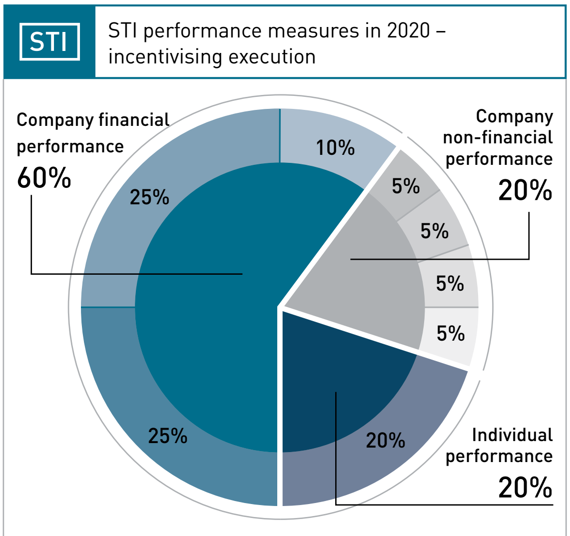
Governance principles	How this links to sustained value creation	Mechanism	Implication
Alignment of risk taking remuneration	The pay mix for our executives is appropriately weighted towards variable pay, thus cementing a pay-for-performance culture. However, we manage the risks associated with our variable pay framework.	**Total reward ratio** Ratio of fixed to variable pay for executive directors and prescribed officers (27:73).	Our executives are incentivised to create value in the short and long term, and there is an appropriate balance between short-term and long-term incentives. The majority of the total remuneration mix is at-risk, but the portion of guaranteed pay is sufficient to ensure that executives are not overly reliant on at-risk variable pay (which may drive inappropriate risk-taking).
Risk adjustments	Our leadership team is accountable for the decisions that are made on behalf of Redefine.	**Malus and clawback** ▫ The remuneration committee may, on or before the vesting date of an award, reduce a short-term or long-term incentive award in the event of a trigger event occurring during the vesting period ▫ The remuneration committee may take steps to recover awards that have vested (on a pre-tax basis) in the event of a trigger event occurring	Variable pay outcomes can be adjusted or recovered if executives have behaved in a manner that has caused harm to the company (financial and/or reputational, caused by a trigger event) long after the vesting and payment dates. Executives are accountable for the decisions that they make on behalf of the company. Where such behaviour occurs that effectively results in lost stakeholder value, we are able to recover past incentives from our executives on a pre-tax basis, even though the performance conditions have already been met.
Long-term alignment	Our leadership team should remain aligned to the impact of our decisions on our stakeholders and continue to create long-term value for the company.	**Minimum shareholding requirements** ▫ Executives must hold shares equal in value to at least 200% of their total guaranteed package, which must be accumulated within five years of the introduction of the minimum shareholding requirement policy or the appointment of the executive ▫ The shares must be held by the executive throughout his/her tenure	Redefine operates in a long-term asset class and our executives remain invested in the company while they make prudent, long-term decisions regarding these assets. They are also aligned to the interests of our stakeholders, who are affected by the long-term ramifications of our decisions (that extend beyond the short-term and long-term vesting periods).

The following section links our **forward-looking** pay for performance framework to short-term outputs based on executing our short-term objectives, as well as the long-term stakeholder value creation outcomes.

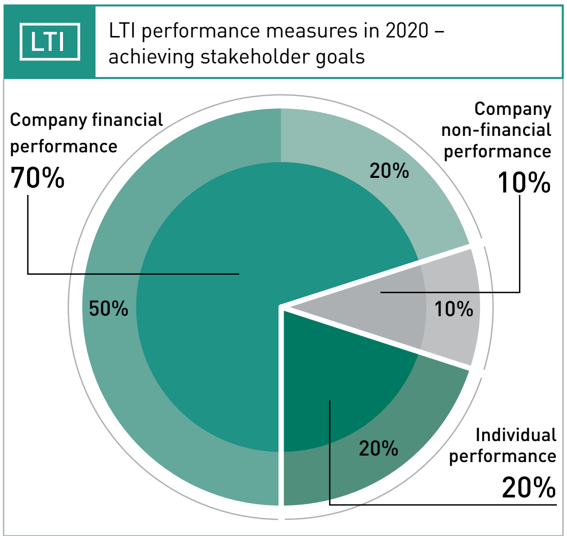


Our mission is to create sustained value for all our stakeholders, which is why our executives are specifically incentivised to achieve outcomes that meet our stakeholder goals in their individual key performance areas for the short-term and long-term incentives, respectively. In addition, these goals permeate through the entire variable pay framework, as illustrated below[1].

Short-term incentive (STI) and long-term incentive (LTI): 2020 performance measures



KPA	
	Company financial performance
25%	Absolute DIPS relative to budget (Target: market guidance on DIPS*)
25%	Growth in recurring DIPS, measured against the variable pay comparator group (Target: equal to comparator group)
10%	Risk measures, including reducing LTV (Target: 40%)
	Company non-financial performance
5%	Transformation (Target: accelerate transformation at senior management levels)
5%	Sustainability (Target: maintain index inclusion)
5%	Ethical capital (Target: ethics survey rating of B)
5%	**Organisational health (Target: demonstrate performance)
	Individual performance
20%	Delivery on executive personal targets linked to short-term value creation indicators



KPA	
	Company financial performance
50%	Absolute total return, measured over net asset value over three years (Target: 15%)
20%	Relative total return, measured against variable pay comparator group (Target: equal to comparator group)
	Company non-financial performance
10%	ESG goals (Target: maintain ESG ratings)
	Individual performance
20%	Delivery on executive personal targets linked to long-term stakeholder goals

[1] Anticipated outcomes form part of the short- and medium-term strategic priorities.

** DIPS (distributable income per share).*

*** This metric will include indicators such as risk embedment, governance, accountability and discipline, the internal control environment, ICT systems and audit findings.*

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.

Below are some of the significant trade-offs made during 2019, as well as the rationale behind these decisions.

Balancing short-term performance expectations and long-term value creation

Understanding the overarching trade-off

Our single most significant trade-off is navigating short-term stakeholder performance expectations while operating in a long-term asset class.

This primary trade-off is present in many of the critical decisions we make. Some of these material decisions are highlighted below.

MANAGING ALLOCATION AND SOURCING OF OUR FINANCIAL CAPITAL

Access to financial capital is critical to our business in a context where capital is constrained and costly; however, 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.

Investing in defensive and development capital expenditure in a capital-constrained environment

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 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

- R2.7 billion (local) and €75.2 million (international) invested in defensive and development capital expenditure
- Local property disposals in progress totalling R1.2 billion
- Selling non-core assets to realise R8 billion

Refer to our manufactured capital section on **page 74** for more information.

Relevant material matters

- Macroeconomic uncertainty
- Political uncertainty
- Financial market volatility

Capitals impacted

FC MC SRC

Reducing divided payments to sustainably fund operational capital expenditure

Operating in a constrained capital environment, with Redefine trading at a discount to NAV and having a ceiling on raising additional debt funding due to the current LTV ratio, a dividend pay-out policy was introduced. This was done to create a third souce of funding without diluting NAV, as retained earnings are reinvested into property assets. The policy enables Redefine to sustainably fund operational capital expenditure without impacting the LTV ratio. Also, the pay-out policy was pitched at a level to avoid company tax leakage. Furthermore, tax is avoided that could occur in the hands of shareholders if this amount was rather declared as part of the dividend and re-invested as equity.

Key outcomes

A dividend pay-out policy was introduced

Relevant material matters

- Macroeconomic uncertainty
- Political uncertainty
- Financial market volatility

Capitals impacted

FC SRC

BALANCING TENANT RETENTION AND PROFITABILITY

Given the challenging macroeconomic context, there is significant pushback on local lease renewal and rental escalations from our tenants. Tenant retention and managing vacancies are crucial to our profitability and preserving cash flow. Our leases are long-term and escalate over time, offering a stable, growing source of income, which is critical to our business.

We are, therefore, always balancing the tension between accepting lower rentals over vacancies. For several negotiations this year, we were faced with the question of whether we renew leases at lower rental rates or accept a higher vacancy risk whilst sourcing higher rental offers. We engage fully with our current and future tenants and continuously review our risk appetite and controls to ensure we have a full understanding of any risk before carefully making a decision.

This year, this trade-off grew in depth and breadth. Rather than simply looking at retaining a tenant, we were forced to assess the broader implications, not only for our business, but for the wider economy, should one of our tenants fail.

Key outcomes

- Tenant retention improved to 93.3% (2018: 90.4%)
- Occupancy remained stable in 2019 at 94.9% (2018: 95.5%)

Refer to our manufactured capital section on **page 74** for more information.

Relevant material matters

- Macroeconomic uncertainty
- Political uncertainty
- Financial market volatility
- Strategic partnerships

Capitals impacted

FC | MC | SRC

CREATING SUSTAINABLE COMMUNITY SOLUTIONS

We recognise that the socio-economic context in which we operate, defined by rising unemployment, weak economic growth and increasing social instability, places our business at risk.

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.

We firmly believe that to shape a more sustainable outlook, a shift from social investment to social innovation is critical. In line with this thinking, we launched an initiative called the ***Challenge Revolution*** (For more information, see **page 102**).

This initiative reflects our belief that we need to remain relevant and forward-thinking by considering and collaborating with the people in and around our properties, to identify and address their real needs in a truly South African way. Through this focus, we are able to tackle real business and social challenges such as transformation and skills gaps, while remaining relevant and offering better experiences in our spaces.

Key outcomes

- Approximately R12.5 million invested in the ***Challenge Revolution*** and integrated stakeholder engagement during the year

Refer to our social and relationship capital section on **page 100** for more information.

Relevant material matters

- Business model resilience
- Disruptive technology
- Employee skills resilience

- Damage to property and security-related threats

- Transformation

Capitals impacted

FC | MC | SRC | HC | IC

INVESTMENTS IN GREEN TECHNOLOGY

Given the constant and uncontrollable hikes in administered costs, along with the resource-constrained environment we operate in, reducing our buildings' natural capital consumption while mitigating negative impacts are top priorities to ensure sustainable success. While our investment in green technology lowers occupation costs and attracts quality tenants for the long term, the investment can be costly in the short term.

We believe that the long-term financial capital returns from our investments in solar PV and smart-metering and natural capital savings (from reduced electricity consumption) will add more value than what is detracted in the short term.

Key outcomes

- R287 million spent on solar PV at 23 plants

Refer to our natural capital section on **page 110** for more information.

Relevant material matters

- Infrastructure and administrative delivery locally
- Government policy uncertainty

- Business model resilience
- Disruptive technology

- Energy management
- Climate change resilience

Capitals impacted

NC | FC | MC | SRC | HC | IC

Financial director's **review**

Our financial performance and value creation for stakeholders is demonstrated by the increase in distributable income per share and the generation of growth in tangible net asset value per share, which together produced a total return of 7.1% for the year (2018: 17.7%).

Distribution

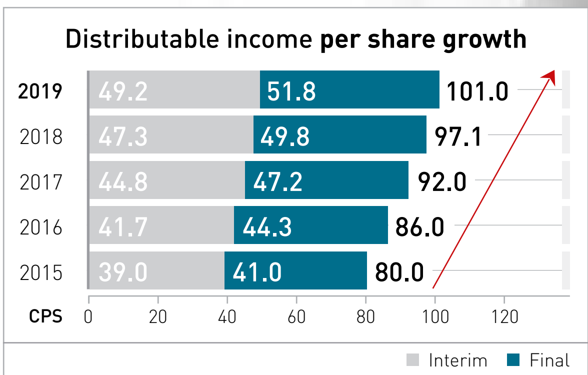
The distributable income per share for the full-year was 101.0 (2018: 97.1) cents, resulting in year-on-year growth of 4.0% (2018: 5.5%), which was in line with market guidance. Total revenue showed growth of 4.1% (2018: 8.3%). Gross distributable income for the year increased by 4.7% (2018: 8.2%) to R5.5 billion (2018: R5.2 billion). For more information, see the AFS report.

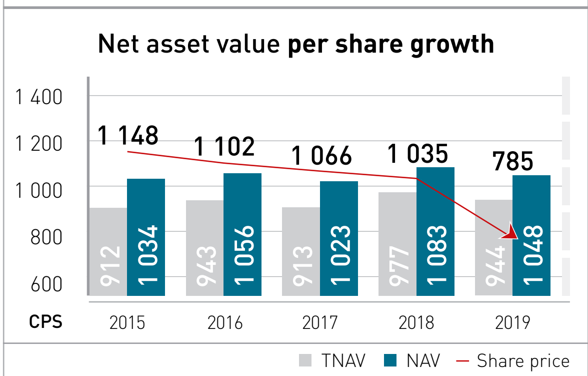
Redefine's property portfolio contributed 98.3% of total revenue (2018: 96.3%), with the remaining income arising from investment income.

The operating cost margin for the year was 34.4% (2018: 33.5%) of contractual rental income. Net of electricity and utility recoveries, operating costs were 16.9% (2018: 16.9%) 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 26.8% (2018: 24.0%) 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

Simplified distributable income statement

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

	2019 R'm	2018 R'm	% change
1 **Net operating income**	5 245	5 157	1.7
2 Sundry and trading income	73	113	(35.4)
Total revenue	5 318	5 270	0.9
3 Administration costs	(277)	(220)	25.9
Net operating profit	5 041	5 050	(0.2)
4 Net finance charges	(1 037)	(1 079)	(3.9)
South African distributable income	4 004	3 971	0.8
5 International distributable income	1 469	1 256	17.0
Distributable income	5 473	5 227	4.7

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

1 Net operating income (NOI)

NOI from the property portfolio grew year on year by 1.7% (2018: 4.2%). This growth was achieved as a result of revenue growth of 5.2%, with costs being contained to 4.6%. We define properties owned for the full period in both years as the active portfolio.

The active portfolio margin was well-maintained at 83.2% (2018: 83.1%) through cost containment which is driven largely by the reduction in management fees due to insourcing and planned preventative maintenance strategies and utility cost management bearing fruit.

2 Sundry and trading income

The decrease in sundry and trading income of 35.4% (2018: increase of 66.0%) was mainly due to the profit earned in 2018 from the credit enhancement fee for the Dipula BEE Trust.

3 Administration costs

The increase in administration costs compared to the prior year of 25.9% (2018: decrease of 5.2%) was due to the increase in strategic spend towards community upliftment driven by the initiatives launched during the year, such as ***The Mentorship Challenge, Innovation Challenge*** and ***Challenge Convention,*** as well as an increase in salary expenses because the 2018 comparative benefited from the release of an excess provision in respect of the 2017 executive bonuses. Refer to the full remuneration report in the ESG for further details.

4 Net finance charges

Net finance charges decreased by 3.9% (2018: decrease of 23.1%), largely due to reduction in the cost of funding as a result of swapping more expensive local debt for lower-cost international debt.

5 International distributable income

The increase in international income compared to the prior year of 17.0% (2018: decrease of 4.7%) was mainly due to the inclusion of the full-year income received from RDF Europe (which was only included for one month in 2018), the increase in dividend income from EPP N.V. as a result of an additional 88 million shares purchased, and the increase in income from Chariot set-off by the decline in dividends received from Cromwell and Northport as a result of the disposal of these investments during the latter half of 2018.

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.

	2019 R'm	2018 R'm
Property-related assets	95 434	91 335
Goodwill and intangible assets	5 622	5 746
Other assets	1 687	1 612
Total assets	102 743	98 693
Shareholders interest	56 569	58 149
Interest-bearing borrowings	41 186	36 124
Total funding	97 755	94 273
Other liabilities	4 988	4 420
Total equity and liabilities	102 743	98 693

The primary drivers of our statement of financial position

MC

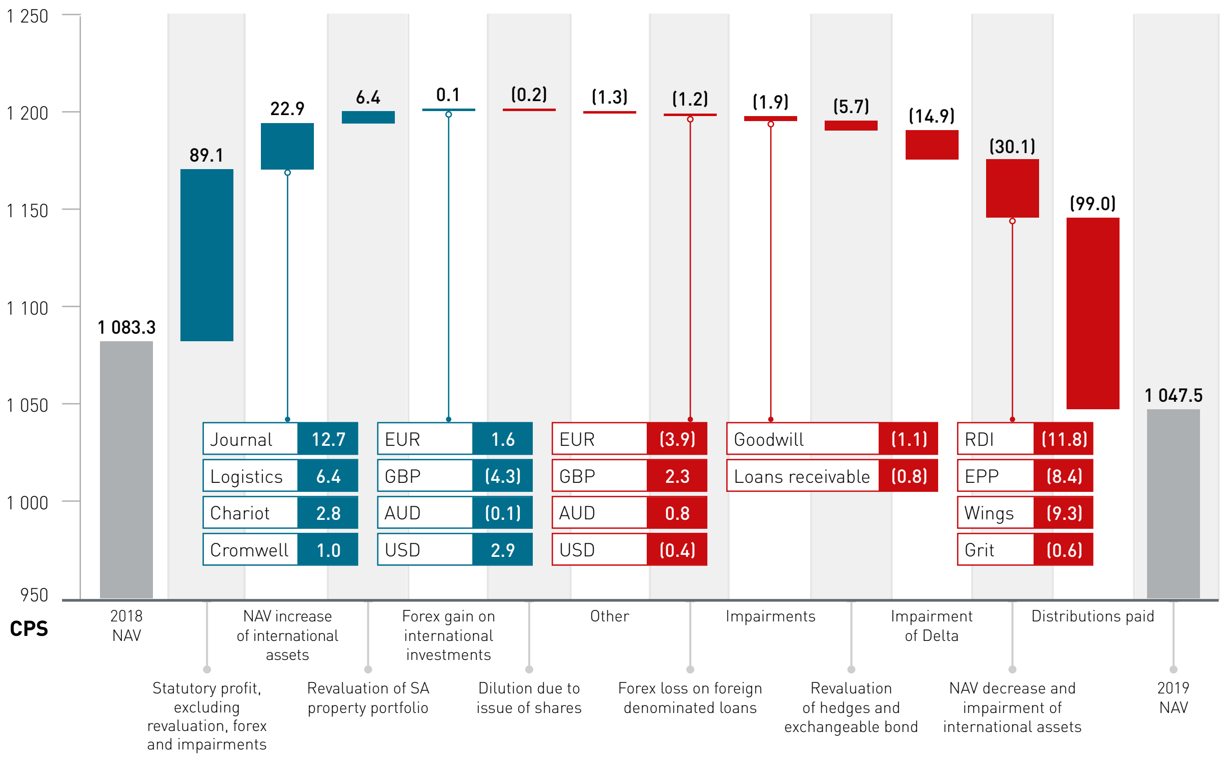
Where we invest – our manufactured capital, which are our investment properties, listed securities, investments in associates, loans receivable, other financial assets and non-current assets held-for-sale collectively, and are referred to as 'property-related assets'

FC

How we fund – our financial capital is shown in the statement of financial position as shareholders interest (including non-controlling interests) and interest-bearing borrowings

Drivers of NAV performance

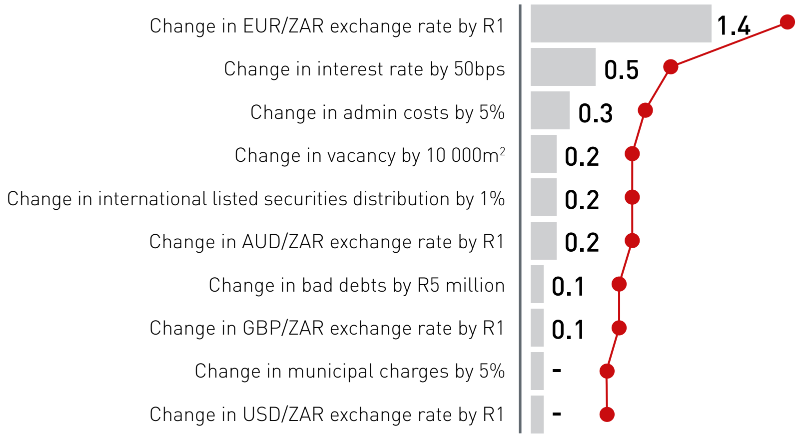
The decrease in NAV of 35.8 (2018: increase of 60.9) cents per share (3.3%) in 2019 was significantly impacted by non-performing investments in both our listed and unlisted investments. In South Africa, the significant decrease in the share price of the Delta Property Fund lost approximately R800 million of value. As a result of the uncertainty about Brexit and the negative effects of online trading in the retail space, we lost in excess of R900 million value with our RDI investment, and in Nigeria we lost approximately R500 million in value through Oando Wings.



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 the current economic conditions, we are subject to a number of variable factors outside management's control. The analysis provides some insight into these factors and their potential impact on distributable income per share:

2020 distributable income forecast impact analysis (cents per share)

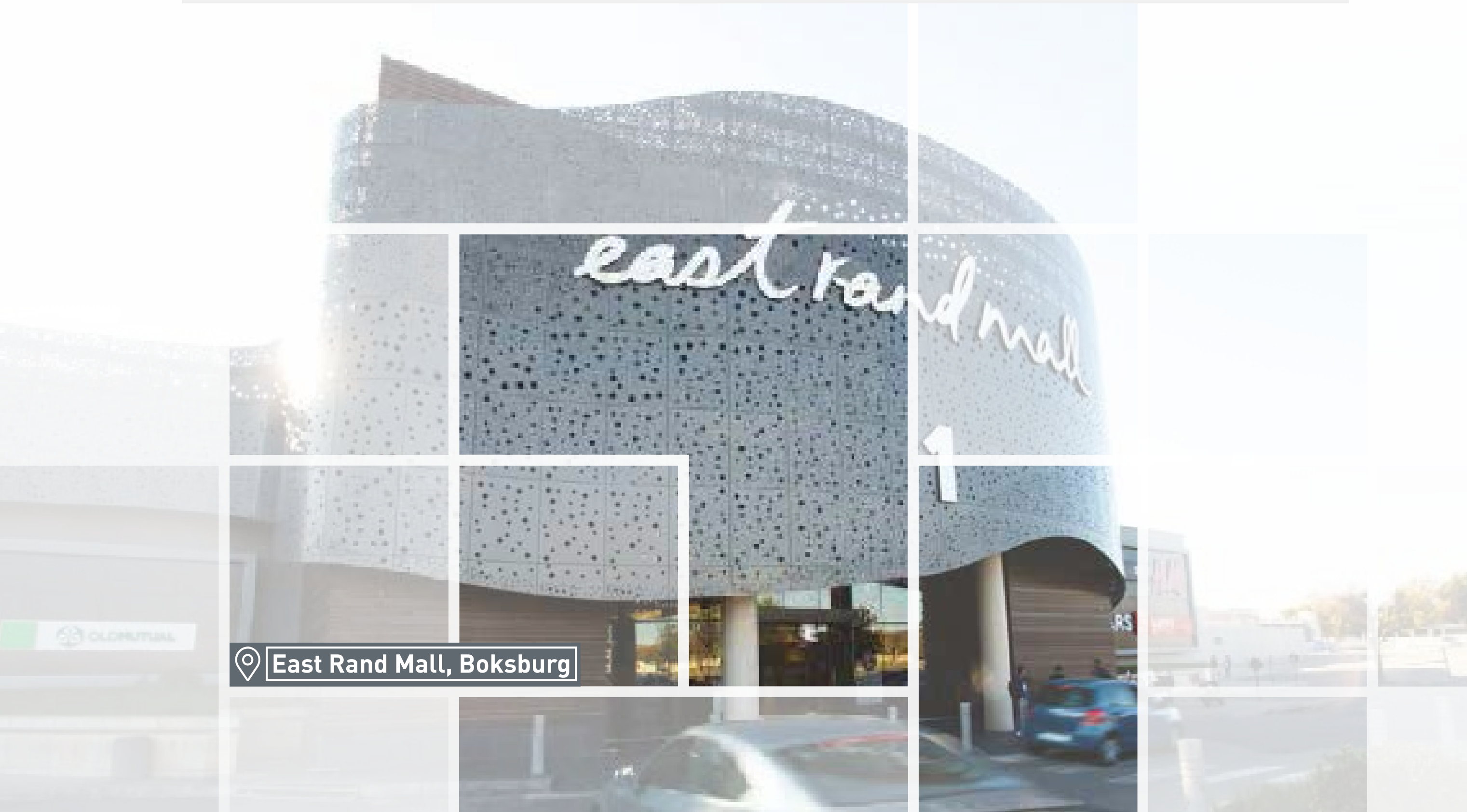


Recognition

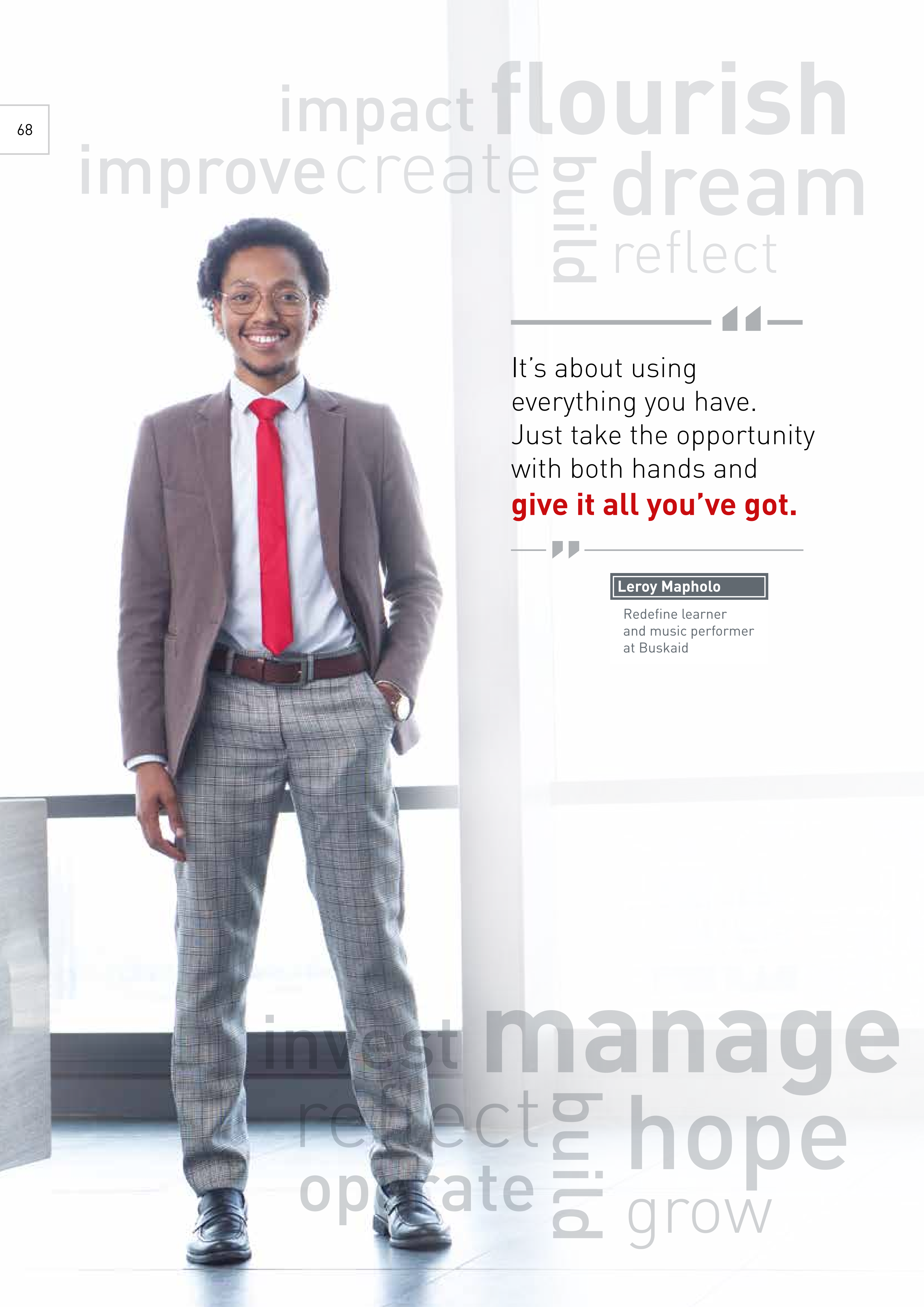
Our commitment to report on our journey to deliver sustained value creation to all our stakeholders through a purpose driven strategy in a transparent and accessible way continued to receive recognition. After consistently placing in the top 10 in the EY Excellence in Integrated Reporting Awards since 2015, Redefine was awarded third place in the 2019 EY rankings of the top 100 JSE listed companies for excellence in integrated reporting.

Our consistent achievement underscores the high value we place on monitoring, measuring and reporting on our environmental, social and governance obligations, demonstrating our integrated approach to making strategic choices to position Redefine to stay on course in our mission to deliver sustainable value.

For Redefine, the integrated report represents a necessary and useful tool to inform all our stakeholders about our economic, environmental and social performance. The integrated report provides a window to our holistic approach to sustainable value creation to all stakeholders.



East Rand Mall, Boksburg



It's about using everything you have. Just take the opportunity with both hands and **give it all you've got.**

Leroy Mapholo

Redefine learner
and music performer
at Buskaid

Value creation

Creating spaces to... hope

Leroy Mapholo is a dynamic young man with a fascinating background. Having studied music and worked as a performer for 15 years through Buskaid, a Redefine-supported organisation, Leroy is not unaccustomed to pressure, and understands the importance of always giving your best.

Once Leroy completed his studies in Operations Management through the University of Johannesburg, he came across a Redefine learnership opportunity that was advertised on Facebook. His learnership year is now almost over. And what a year it has been! Leroy speaks highly of the growth opportunities that have been offered to him. **"This is a high-pressure, high-performance workplace where we all strive to be our best – and are supported along the way to achieve the very best that we can offer individuals."**

When asked how he believed that his background in music was aiding him in the corporate world, Leroy highlighted that the violin is considered one of the most difficult instruments to master. It requires individual discipline, but also necessitates that you work well in a team to achieve harmony. This same discipline and focus on teamwork have been invaluable in this journey, even in a completely new environment.

"If I were to give advice to anyone looking for a new opportunity but feeling hesitant to try, I would encourage them to take a leap of faith. If I, as an artist, as a dreamer, can find my feet, and thrive, in something completely different, then so can you. It's about using everything you have. Just take the opportunity with both hands and give it all you've got."

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

hope, *verb*
'wanting something to happen or be the case'

FC Financial capital

Creating spaces to... engage

For Siphiwe Khumalo and Matlakala Katane – the president and secretary general of the Community Information and Development Centre (CIDC), respectively – Redefine's involvement in the community has been extremely beneficial. The team highlighted how interventions such as the ***Challenge Convention*** have been an invaluable source of information that allowed for conversations between people who would otherwise never have met.

For the CIDC, Siphiwe noted, the networking opportunities presented by the ***Challenge Convention*** have facilitated interaction between the various stakeholders – including NGOs and businesses. Furthermore, Redefine's efforts in the community surrounding Maponya Mall made people feel heard and hopeful.

For Matlakala, the ***Challenge Convention*** inspired internal reflection. **"Understanding your strengths and weaknesses will reshape the vision of the organisation,"** she says, speaking about the future of the CIDC. For both her and Siphiwe, it is important that the CIDC grows. **"We need to sustain the centre as a civil society organisation. We hope that, with the intervention of Redefine, we will be able to redefine the civil society organisations as key structures that assist communities."**

Siphiwe Khumalo

Challenge Convention participant at Maponya Mall and president of CIDC

What financial capital means to Redefine

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

Financial capital 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 our sustainability and ability to fund expansion of our distributable income-earning asset base.

KEY OUTCOMES

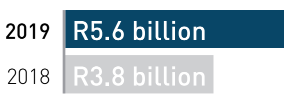
LTV increased to **43.9%**	Interest rates hedged on **87.3%** of total debt	Average cost of debt funding decreased by **50bps** to **5.8%**
Average term of debt reduced to **3.4 years**	Implemented a dividend pay-out policy	Recycling of capital realised **R1.6 billion**

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



Materiality

Through our materiality determination process, the following matters were identified as being material to our financial capital. Each of these matters have been grouped under a relevant broader materiality theme that speaks to the wider context we are operating in.

Material matters

- Macroeconomic uncertainty
- Political uncertainty
- Financial market volatility

Financial capital continued

Extending our maturity profile

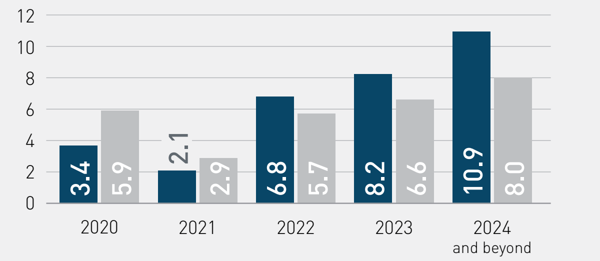
We manage our maturity profile by spreading the repayment dates to ensure that approximately no more than 25% of the group's interest-bearing borrowings mature in any given financial year. We proactively review our facilities and extend, restructure (for more favourable terms) and renew upcoming maturities. 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

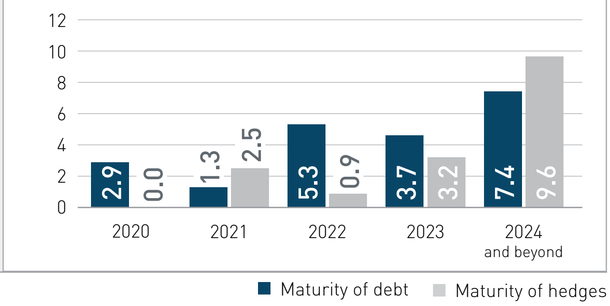
2019	3.4 years
2018	3.6 years

Maturities between each of the sources of finance are spread to mitigate the risk of refinancing. As a result, at 31 August 2019, we had R4.5 billion (2018: R2.5 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, and do not foresee any liquidity concerns.

Maturity of local debt and hedges[1]



Maturity of foreign debt and hedges[2]



[1] *Net of cash and currency derivatives*

[2] *Debt has been grossed up to include cross-currency swaps*

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% of interest-bearing borrowings, to be fixed for as long as possible.

% OF DEBT HEDGED

2019	87.3%
2018	81.2%

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.

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 would pose a risk of being overgeared. As a consequence, we proactively manage the situation on a currency-by-currency basis.

CURRENCY ANALYSIS OF PROPERTY ASSETS AND DEBT

	2019				2018			
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*	72.8	21.2	29.1	9.1	72.4	20.8	28.8	9.3
AUD	3.6	1.9	52.0	4.0	2.1	1.4	66.7	4.1
EUR	15.8	14.0	89.2	1.7	11.9	9.4	79.3	1.6
GBP**	2.8	4.1	145.5#	3.0	4.0	4.2	105.1	3.0
USD***	0.4	0.6	141.0#	4.5	0.9	0.6	63.9	4.1
Total	**95.4**	**41.8**	**43.9**	**5.8**	**91.3**	**36.5**	**40.0**	**6.3**

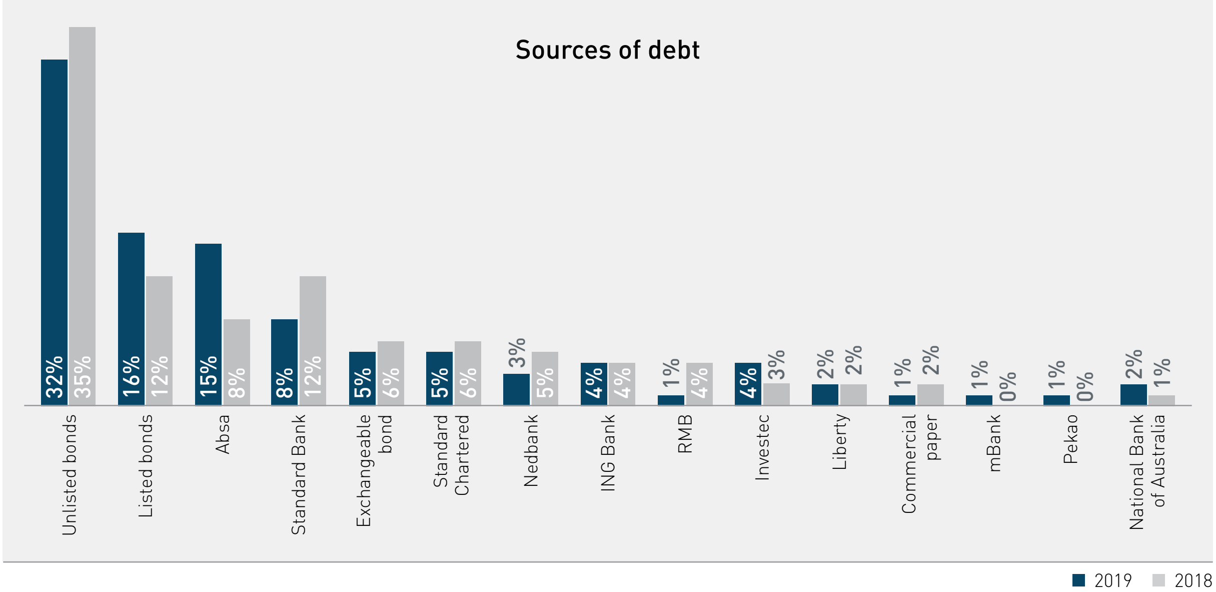
 # Post year end, in order to reduce the over-exposure to USD and GBP debt, Redefine is in the process of refinancing a portion of this debt into AUD and EUR facilities. Post the refinance the LTV position is anticipated to be:

Currency	Property assets (R'bn)	Debt (R'bn)	LTV (%)
AUD	3.6	2.6	73.0
EUR	15.7	15.5	98.6
GBP	2.8	2.3	80.2
USD	0.4	0.2	53.2

** Net of cash and cash deposits on cross currency swaps.*
*** The over exposure to GBP debt is due to the impairment of RDI.*
**** The over exposure to USD debt is due to the impairment of Oando Wings and sale of GRIT.*
The above debt has no recourse to the GBP/USD assets, therefore it does not create liquidity risk but only NAV risk.

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.



Maintaining strong credit metrics

We strive to maintain an average LTV target range of 35% to 40%, as we consider this to be the optimal level of gearing over the long term. On 12 November 2019, Moody's issued its latest credit opinion for Redefine and confirmed the rating as per below, while changing the outlook from stable to negative following similar action taken on the sovereign credit rating.

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

LTV RATIO

2019	43.9%
2018	40.0%

UNSECURED DEBT TO UNENCUMBERED ASSETS RATIO

2019	41.8%
2018	34.8%

INTEREST COVER RATIO

2019	4.3 times
2018	4.3 times

EQUITY HEADROOM FOR UNSECURED LENDER

2019	R68.1 billion
2018	R65.9 billion

MC Manufactured capital

Creating spaces to... build

"My journey in building a company and watching it thrive has only served to reinforce a lesson I learnt early on: ***It all comes back to people and relationships.***"

This year, we bade farewell to our founder, Marc Wainer. As an astute dealmaker, Marc has held sway on the markets and the city's skyline, taking Redefine from humble beginnings to a listing, and building the company into one of South Africa's largest and most respected real estate companies. In August this year, Marc made the decision to retire from his role as executive director following the loss of his beloved wife, Lesley. We took some time to chat with him regarding his reflections on his time at Redefine and what he's most proud of.

"My time at Redefine has encompassed some of the most rewarding experiences of my life. And I look back with an enormous sense of pride when I take account of what we've achieved during that time. From a business perspective, we tend to focus on our major shareholders, but it helps adjust my perspective when I bump into someone on the street who stops to tell me their story of Redefine, how they bought shares in the company years ago, believing that it was going somewhere, and are now reaping the reward of that belief. That's when I know we've built something extraordinary, something I can be proud of."

When asked to reflect on the greatest achievements of his career, Marc did not hesitate in identifying two areas that stood out most. Unsurprisingly, both were tied to the people-centric legacy he has left for the organisation.

"The impact we've had on our people stands out for me – those who have been part of our organisation for as long as I have, and those who were with us for a shorter time. When I see the part that we've played in their personal growth, it makes me proud. We're in the business of growing people and growing relationships, and the people who have worked with us take that philosophy with them."

Marc went on to add, **"In recent years, we've been in a position to extend this approach beyond our staff and tenants to the broader reaches of our country. And this, undoubtedly, has been the most satisfying thing I have done in my career. *The Mentorship Challenge* and the connections I have developed through this initiative have impacted me as much as the programme has had a positive impact on the lives of many others."**

We asked Marc what words of inspiration he would like to leave with his Redefine team, as well as those considering starting out on a venture much as he did all those years ago. His response did not take much thought, **"Yes, you can!"**

He continued, **"I want everyone to take those words with them. There's nothing that can't be done. I remember being young, starting out in the property business. My boss asked me one day to perform a task that I believed to be impossible given the circumstances. I said to him, without hesitation, that it can't be done."** Shaking his head at the memory, Marc added, **"And he responded, without pause, that there was no such thing. Needless to say, I made it happen and I've carried that philosophy with me to this day. That is the heart of innovation – making a plan, making it happen when others believe it can't be done."**

And that, indeed, is the Redefine way.

Marc Wainer

Founder of Redefine and co-host of *The Mentorship Challenge*

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 in a way that ensures the highest and best use to sustain long-term value creation for our stakeholders.

Manufactured capital 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. We continue to invest in well-located properties and delivering space relevant to users' needs that are high-value, high-quality and efficient, with a focus on attracting and retaining tenants to secure growth in rentals, maintain operating margins, optimise energy and water usage, and improve cash-flow.

KEY OUTCOMES

TNAV declined by **33.0 cents** per share to **943.9 cents** per share	Property assets under management expanded to **R95.4 billion** (2018: R91.3 billion)	Local development activity totalled **R2.4 billion**
Deployed **R6.9 billion** into property assets	Offshore expansion totalled **R4.3 billion**, with **R3.6 billion** invested in Poland	Expanded Polish logistics through development of **130 633m^2 costing €75.2m**

The Towers, Foreshore

Materiality

Through our materiality determination process, the following matters were identified as being material to our manufactured capital. Each of these matters have been grouped under a relevant broader materiality theme that speaks to the wider context we are operating in.

Material matters

- Macroeconomic uncertainty
- Infrastructure and administrative delivery locally

- Business model resilience
- Disruptive technology
- Flexible work requirements

Manufactured capital continued

South African property portfolio continued

Investment criteria	Our focus
▫ Diversify exposure across traditional sectors ▫ Exposure to key economic nodes ▫ Locations that have solid infrastructure to reduce leasing risk ▫ Lower tenant risk and improve profile	▫ 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[1] ▫ 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 in under-represented regions and to complement existing assets[1]

[1] Placed on hold until capital markets and loan-to-value normalise

Overview

Stresses throughout the economy are impacting operations across all property sectors. We are feeling the cold winds of weak economic growth, flagging sentiment, financial stress on corporates and households, and ongoing socio-political uncertainty. Rental growth has slowed, administered cost and municipal charges are escalating, vacancies are on the rise, and leasing activity is more competitive than ever.

In these conditions, Redefine's intense focus on enhancing operating efficiency continues to yield positive results. In all sectors, we are increasing face-to-face tenant engagement to develop broader relationships, optimising renewal and new lease activity, and continuing selective refurbishment and development opportunities to further enhance portfolio quality. We also enhanced our broker and tenant relationships through our integrated engagement approach.

Good progress was made on operational efficiencies, with total solar PV capacity increasing to 23.7 MWp. A pilot water management project, using smart water valve technology, was introduced at The Boulders Shopping Centre and this project has been rolled out to four additional properties, with expected annual savings in excess of R1 million. It will also be installed in a further six properties during the forthcoming year. The smart water and electricity meter roll-out is ongoing (For further information, please see our natural capital section on **page 110**).

New projects with a total value of R2.4 billion at an initial yield of 8.8% were completed during the year. New developments in progress total R0.3 billion at an initial yield of 9.3% and re-developments in progress total R0.7 billion at an initial yield of 6.6%.

We expect property fundamentals to remain weak over the medium term, with risk events like load shedding and the looming prospect of a sovereign credit rating downgrade adding to the uncertainty. The active portfolio vacancy rate remained stable during the year, at 5.1% (2018: 4.5%). Leases covering 454 049m² (2018: 497 491m²) were renewed during the year at an average rental decrease of 2% (2018: 1.5% decrease), with the tenant retention rate at a pleasing 93.3% (2018: 90.4%).

Looking ahead, our focus is centered on mitigating risk and optimising reward. We aim to achieve this by primarily continuing to expand and improve existing well-located properties through refurbishment and development and recycling non-core assets. Furthermore, our long-term strategy is to focus on younger, more efficient, well-located and better-quality properties with longer leases and A-grade tenants.

As at 31 August 2019, Redefine's diversified local property portfolio was valued at R72.8 billion (2018: R72.4 billion).

SOUTH AFRICAN PROPERTY PORTFOLIO OVERVIEW

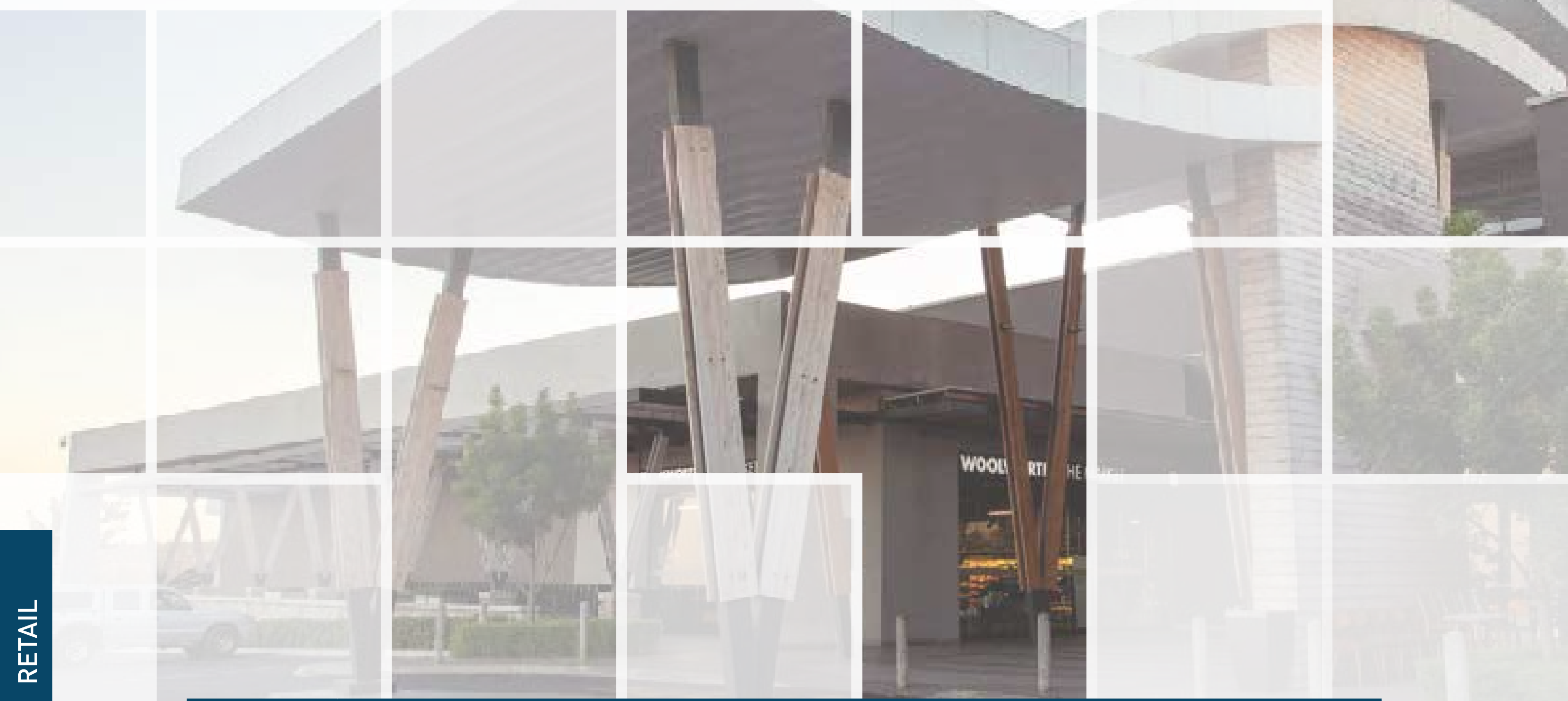
	2019	2018
Number of properties	302	315
Total GLA (m^2) (million)	4.5	4.6
Vacancy (%) (active)	5.1	4.5
Asset value (R'billion)	71.3	69.7
Average property value (R'million)	236	221
Average value per m^2 (R)	15 854	14 382
Average gross rent per m^2 (R)	118.4	112.3
Weighted average retention rate by GLA (%)	93.3	90.4
Weighted average renewal rental growth by GLA (%)	(2.0)	(1.5)
Weighted average inforce lease escalations by GMR (%)[1]	7.3	7.4[1]
Weighted average unexpired lease term (remaining) by GMR (years)[1]	3.7	3.7[1]

[1] Excludes expired but active leases and leases expiring within one year (prior year re-stated with new methodology)

David Rice
Chief operating officer

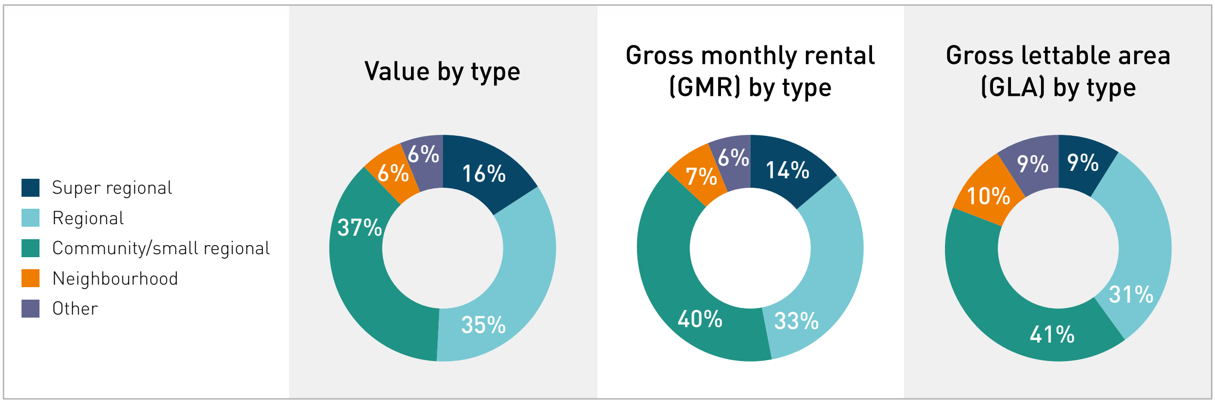
Manufactured capital continued

South African property portfolio continued



Retail: Differentiating by creating outstanding spaces for modern consumer lifestyles

Key indicators	2019	2018
Value (R'billion)	**28.8**	27.8
Occupancy	**95.2%**	94.1%
Tenant retention by GLA	**94.1%**	90.7%
GLA (m^2)	**1.4 million**	1.4 million
Footfall	**(1.8%)**	(2.0%)
Rent to turnover	**8.0%**	7.9%
Rental renewal (reversions)/growth	**(1.8%)**	0.1%



Retail market overview

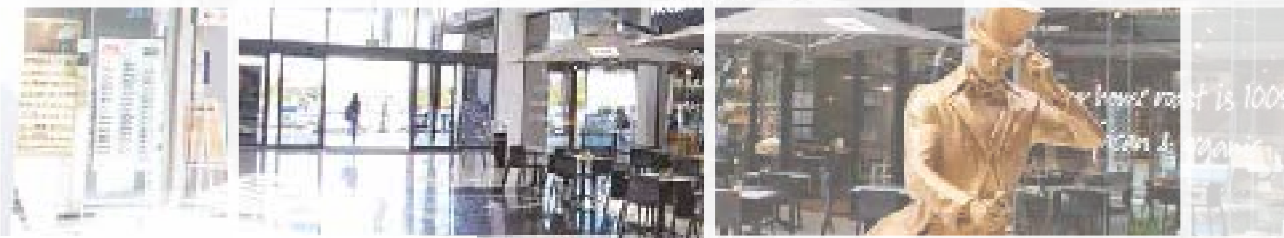
- South African shopping centre year-on-year trading density growth of 5.6% as at June 2019
- Continued pressure on total cost of occupation contributed to challenging retail conditions, resulting in retailers pushing back on rent and annual rental escalations
- Retailers continue to focus on 'right-sizing' their premises to improve margins
- Banks are reducing their footprint in shopping centres
- Entertainment, food and healthy living in the shopping environment are becoming points of differentiation, as well as key drivers of footfall and spend
- Administered costs are impacting the margins of tenants and owners
- Shoppers are placing increased emphasis on convenience, security and parking charges having greater influence on their behaviour
- Co-dependency of physical retail and online shopping platforms

Our activity

- We completed our major current development – the refurbishment of Centurion Mall – at a cost of R1.06 billion
- No acquisitions took place during the period
- We disposed of four non-core properties for R283.8 million
- We concluded the developments of Centurion Lifestyle Walk, Park Meadows Builders Express, Brackengate Planet Fitness and Little Falls Leroy Merlin for a total of R415.5 million
- Asset-specific strategies were put in place to improve and expand food offering and experience, as well as entertainment offerings at larger malls
- Concluded agreements with Edcon, and reduced our exposure to the group by 11 474m² to 71 223m² at August 2019, with a potential further reduction of 8 961m² by the end of the 2019 calendar year
- Soft refurbishments and major tenant reconfigurations were completed at Horizon, Boulders and Besterbrown

Our priorities going forward

- Managing our occupancies in depressed local economic conditions
- Monitoring our tenant performance and reducing our exposure to those tenants at risk
- Initiate early lease renewal discussions, targeting tenant retention of our key retailers
- Complete soft refurbishments and major tenant reconfigurations at Kenilworth, Sammy Marks, Centurion Lifestyle and Goldfields
- Further reduction of space with Edcon
- Driving sales growth to support rental levels
- Continued focus on underperforming assets and recycling assets in weak economic nodes and those with limited growth potential
- Manage administered costs
- Improving our sustainability efforts, including initiatives pertaining to water efficiency, waste management and renewable energy solutions
- Providing innovative entertainment offerings – such as gaming, pause areas and sporting facilities – within our properties
- Limit the growth of operating costs
- Strategic approach to security, including the ongoing monitoring of our emergency plans
- Reconfiguring banking malls



Kyalami Corner, Midrand

Manufactured capital continued

South African property portfolio continued

Top five retail properties by value

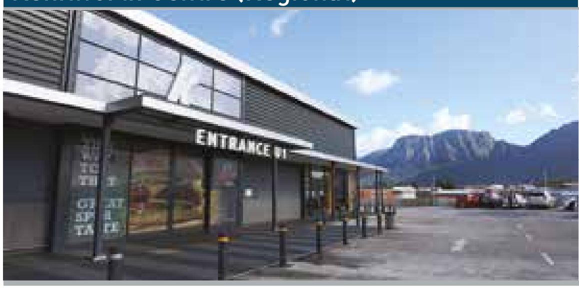
Centurion Mall (Super regional)

Location	Centurion, Gauteng
GLA	119 035m^2
Property valuation	R4.7 billion
Occupancy	96%
Average foot count per month	1.2 million
Major anchor tenants	Woolworths, Pick n Pay, Checkers Hyper, Dis-Chem, Game, Edgars, Metro Lifestyle, Planet Fitness, Ster-Kinekor, H&M

Blue Route Mall (Regional)

Location	Tokai, Western Cape
GLA	56 145m^2
Property valuation	R1.7 billion
Occupancy	100%
Average foot count per month	0.6 million
Major anchor tenants	Checkers, Woolworths, Edgars, Dis-Chem, Ster-Kinekor

Kenilworth Centre (Regional)

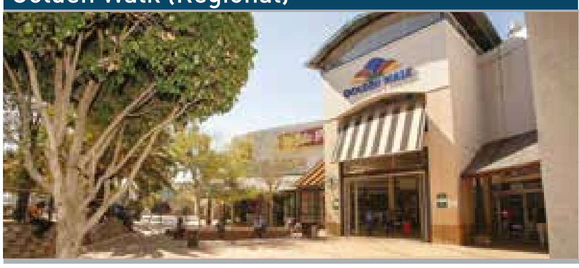


Location	Claremont, Western Cape
GLA	53 433m^2
Property valuation	R1.5 billion
Occupancy	99.9%
Average foot count per month	0.8 million
Major anchor tenants	Pick n Pay, Checkers, Woolworths, Game, Edgars, Total, Claremont VW, Virgin Active

East Rand Mall (50% ownership) (Regional)

Location	Boksburg, Gauteng
GLA	34 201m^2 (our share)
Property valuation	R1.5 billion
Occupancy	95.7%
Average foot count per month	0.9 million
Major anchor tenants	Edgars, Woolworths, Mr Price, H&M, Ster-Kinekor

Golden Walk (Regional)



Location	Germiston, Gauteng
GLA	45 214m^2
Property valuation	R1.4 billion
Occupancy	99%
Average foot count per month	1.2 million
Major anchor tenants	Shoprite, Pick n Pay, Woolworths

Retail asset optimisation initiatives

EXPANDING

Wilgespruit (Little Falls), Roodepoort, Gauteng

GLA: 19 665m^2

Phase 1: completed March 2019 with installation of Leroy Merlin (17 000m^2) and Decathlon (2 665m^2)

Assessing viability of Phase 2: Adding 8 000m^2 to 10 000m^2 convenience retail shopping centre

Cost: R298 million

PROTECTING

Centurion Lifestyle Centre, Centurion, Gauteng

GLA: 62 297m^2

Refurbishing and enclosing Checkers mall

Reconfiguring traffic flow to improve the access to the parking deck and improving tenant mix by adding restaurants and lifestyle tenants

Cost: R68 million

IMPROVING

Kenilworth Centre, Claremont, Western Cape

GLA: 53 433m^2

Refurbishment of ground floor mall (tiles, columns, walls, ceilings and lighting) to align to upper level completed in 2017

Terminated Edgars lease and replaced with Dis-Chem, Mr Price and various line stores

Cost: R26 million

IMPROVING

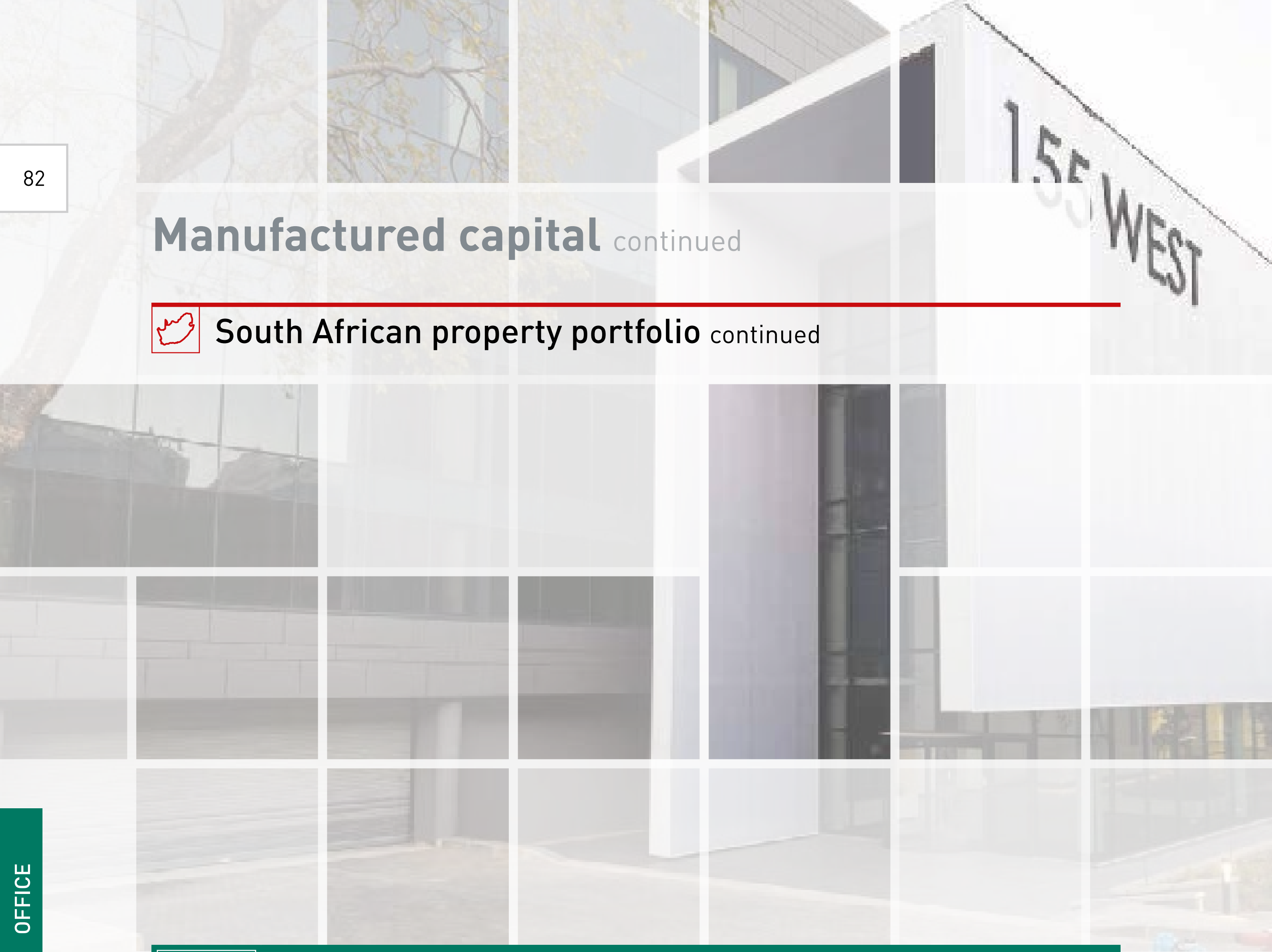
Sammy Marks Square, Pretoria CBD, Gauteng

GLA: 35 795m^2

Improving the fashion component by expanding Foschini and Truworths and adding G-Star and Fabiani. Also adding a new McDonalds with upgrade of the square

Improving the non-GLA offering with the addition of a digital screen

Cost: R22 million



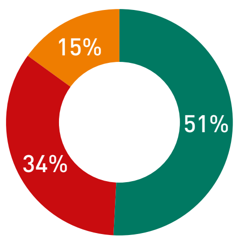
Manufactured capital continued

South African property portfolio continued

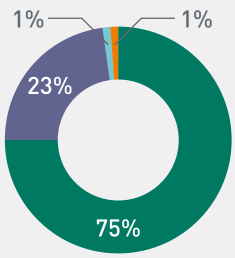
Office Investing in efficient, modern facilities to enable work-life integration

Key indicators	2019	2018
Value (R'billion)	**25.4**	25.9
Occupancy	**87%**	84%
Tenant retention by GLA	**91.4%**	87.7%
GLA (m^2)	**1.2 million**	1.3 million
Rental renewal reversions	**(2.0%)**	(3.1%)

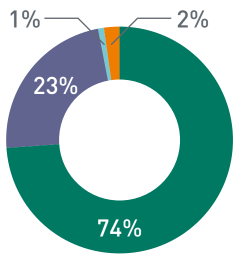
Value by type



Gross monthly rental (GMR) by type



Gross lettable area (GLA) by type



Office market overview

- Continued increase in vacancies is further impacted by defaulting tenants, commercial consolidations and new developments coming to market
- Increases in administered costs impact tenants' total cost of occupation, placing pressure on rental and escalation growth
- Demand for office space is driven by tenant consolidation, densification, public transport and parking
- Space densification is driving up operating costs and is placing increased pressure on infrastructure
- Well-located assets in the right location, with good access and amenities, still attract good demand
- Increased use of flexi-time and co-working environments continues to change office requirements
- Third-party tenant representation growing aggressively through broker involvement
- The cost of retaining and securing tenants continues to increase

Our activity

- We made no acquisitions during the period, and are unlikely to do so for the foreseeable future
- We completed the development of Rosebank Link, which is 100% let, as well as 2 Pybus, which is 75% let, at a cost of R1.3 billion
- We disposed of 11 non-core properties for R613.5 million
- Continued rejuvenation of our smaller properties to improve the quality of our portfolio in order to protect and improve letting income
- Proactive engagement with our tenants and brokers to deepen and strengthen our relationships
- The total number of our Green Star SA certifications increased to 73
- Solar PV and sustainability rollout of 2 360kWp, with pipeline of 2 341kWp
- WeWork occupancy 72.6% (at September 2019), with a forecasted occupancy of 98% by January 2020

Our priorities going forward

- Tenant retention and reducing vacancies remain our top priority and, therefore, we focus on building tenant relationships
- Complete the redevelopment of 155 West and Knowledge Park at R653.6 million
- Review our properties to ensure that non-core and underperforming assets with no commercially alternative use is recommended for disposal
- Continue to strengthen relationships with third-party brokerages
- Negotiating renewals up to 24 months prior to expiry to extend lease profile
- Managing WeWork leases
- Development focus to improve building densification and improve parking ratios
- Continuing sustainability initiatives, such as water efficiency and waste management
- Continue to increase the number of Green Star-rated buildings in our portfolio


155 West, Sandton

Manufactured capital continued

South African property portfolio continued

Top five office properties by value

Alice Lane (A Grade)

Location	Sandton, Gauteng
GLA	78 665m²
Property valuation	R3.3 billion
Occupancy	94.6%
Major tenants	Bowmans and Sanlam

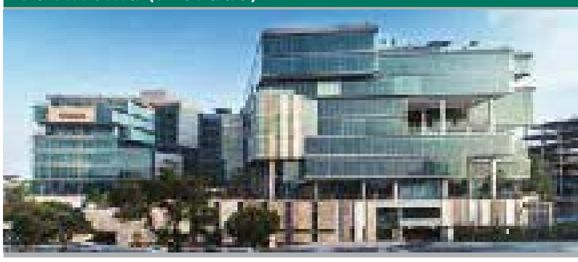
115 West (P Grade)

Location	Sandton, Gauteng
GLA	41 091m²
Property valuation	R1.7 billion
Occupancy	100%
Major tenants	Alexander Forbes

Black River Office Park and Observatory Business Park (P Grade)

Location	Observatory, Western Cape
GLA	71 579m²
Property valuation	R1.6 billion
Occupancy	97.7%
Major tenants	Dimension Data, Adidas

90 Rivonia (P Grade)



Location	Sandton, Gauteng
GLA	39 964m²
Property valuation	R1.2 billion
Occupancy	98%
Major tenants	Webber Wentzel

The Towers (B Grade)

Location	Foreshore, Western Cape
GLA	59 372m²
Property valuation	R1.2 billion
Occupancy	93%
Major tenants	Standard Bank, Vodacom, Innovation Holdings

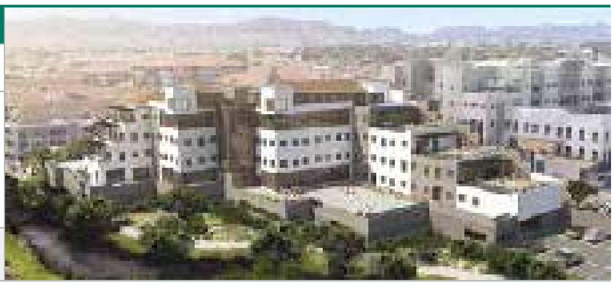
Office asset optimisation initiatives

EXPANDING

2 Pybus, Sandton, Gauteng
GLA: 12 903m^2
Tenants: Group 1 Advocates, Rivonia Group of Advocates A premium-grade development in the heart of Sandton, in close proximity to Gautrain
Development cost: R475.5 million

PROTECTING

Knowledge Park I, Century City, Western Cape
GLA: 6 200m^2
Previously occupied by Discovery Full internal and external refurbishment, with projected completion January 2020
Cost: R38 million



IMPROVING

Clearwater Office Park, Roodepoort, Gauteng*
GLA: 19 620m^2
The external facades and common spaces for two of the six buildings are upgraded to remain ahead of market conditions

Hillcrest Office Park, Hillcrest, Gauteng*
GLA: 21 661m^2
The park was refurbished to an A Grade specification Allowing subdivision for smaller tenants

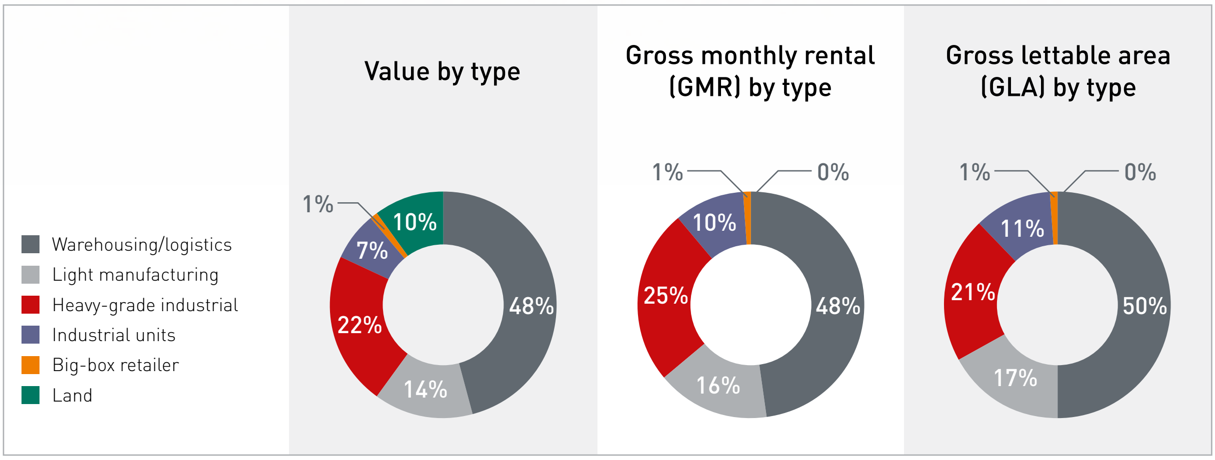
Silverstream Office Park, Bryanston, Gauteng*
GLA: 16 811m^2
The bathrooms and foyers are being upgraded in line with renewal requirements for Publicis (6 000m^2)
***Total cost: R60 million**

Manufactured capital continued

South African property portfolio continued

Industrial Incorporating key design elements to functionally differentiate offering

Key indicators	2019	2018
Value (R'billion)	13.8	13.1
Occupancy	98.2%	99.0%
Tenant retention by GLA	93.8%	91.8%
GLA (m²)	1.8 million	1.8 million
Rental renewal (reversions)/growth	(3.6%)	2.9%



Industrial market overview

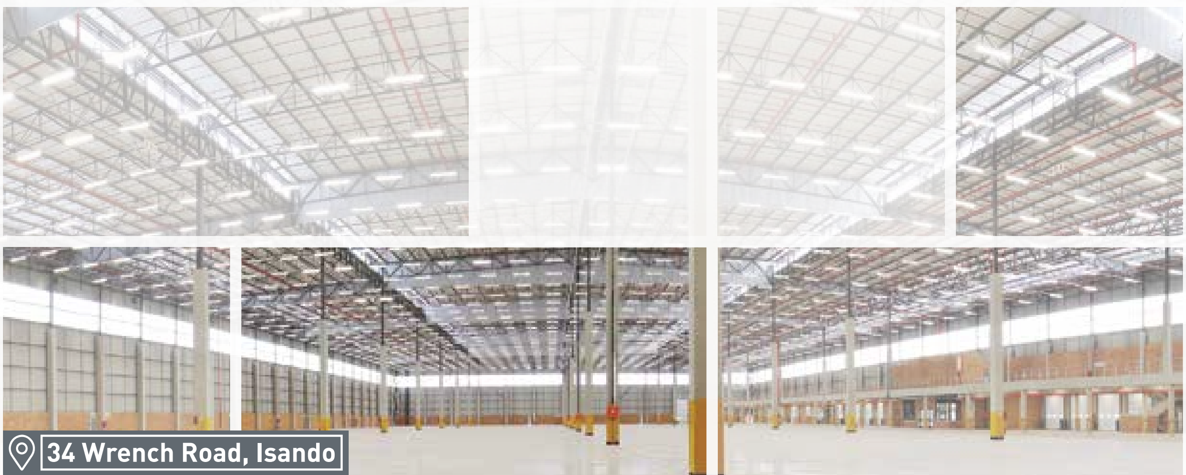
- Limited rental growth, with pressure to sign shorter leases to maintain flexibility, thereby stunting revenue growth and increasing volatility around retention
- Policy uncertainty causing erratic demand for premises
- Failing municipal infrastructure contributes to rising vacancies in older industrial nodes
- Increases in administered costs, adding pressure to rental growth
- Larger logistics operators are taking advantage of competitive market rates
- International data and web service providers are investing in new facilities in Gauteng and the Western Cape
- Continued threat of Eskom implementing load shedding
- Delays in town planning processes impact development opportunities
- The Gauteng development environment is extremely competitive

Our activity

- Completed the development of Hirt & Carter (Cornubia) and Brights (Brackengate 2) at a cost of R236.5 million
- Acquired property to the value of R135.8 million
- Disposed of two non-core properties for R147.4 million, as well as 177 067m² of land for R191.3 million
- S&J Industrial Estate spec building, as well as the new Massmart DC at Brackengate 2, are under development for a cost of R342.8 million
- Infrastructure development at S&J Industrial Estate, Atlantic Hills and Brackengate 2 are in progress, at a cost of R721 million
- Installing six solar PV projects with a first year generation capacity of 4 million KWh, at a projected weighted yield of 16%
- Water security projects were fully commissioned in the Western Cape, and we are exploring sustainable water management projects to implement in Gauteng

Our priorities going forward

- Tenant retention and managing vacancy levels remain a priority as we continue to engage our tenants and stakeholders to understand their needs
- Focus on building and enhancing relationships with corporate real estate representatives
- Finalise town planning processes and infrastructure projects for S&J Industrial Estate
- Continued efforts to dispose of non-core assets and land holdings
- Implementation of power, water and waste management projects to improve our sustainability efforts
- Improve the aesthetics, functionality and efficiency of mini-parks to attract and retain tenants
- Focus on product differentiation by improving the quality of properties, where appropriate
- Re-letting of the 120 000m² Robor (Isando) property



34 Wrench Road, Isando

Introduction
Who we are
Our business in context
Responding strategically
Value creation

Manufactured capital continued

South African property portfolio continued

Top five industrial properties by value

Pepkor Isando – Modern logistics

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

Robor – Heavy industrial

Location	Elandsfontein, Gauteng
GLA	120 277m²
Property valuation	R0.8 billion
Occupancy	100%
Major tenants	*Robor

Macsteel Lilianton – Heavy industrial

Location	Boksburg, Gauteng
GLA	73 071m²
Property valuation	R0.7 billion
Occupancy	100%
Major tenants	Macsteel

Hirt & Carter – Modern logistics

Location	Cornubia, KwaZulu-Natal
GLA	47 718m²
Property valuation	R0.6 billion
Occupancy	100%
Major tenants	Hirt & Carter

Macsteel Coil Processing Warehouse – Heavy industrial

Location	Wadeville, Gauteng
GLA	52 886m²
Property valuation	R0.4 billion
Occupancy	100%
Major tenants	Macsteel

** Tenant went into liquidation in September 2019. Activities underway to re-let space.*

Industrial asset optimisation initiatives

EXPANDING

Brights Hardware, Brackengate 2, Western Cape

GLA: 8 200m^2

Easy access off the R300 freeway via Bottelary Road

New flagship facility for the Western Cape-based Hardware chain

Occupation: June 2019

Cost: R100 million (RDF 50.1%)

PROTECTING

Wingfield Park, Boksburg, Gauteng

GLA: 56 483m^2

Conveniently located within 5km of OR Tambo International Airport

General refurbishment of roads, road resurfacing, firesprinkler system and electrical ring main improvement

Cost: R7.4 million

PROTECTING

190 Barbara Road, Germiston, Gauteng

GLA: 24 593m^2

Central within the Tunney/Elandsfontein industrial node

Reorientation of access within the yards to improve vehicle circulation

Cost: R0.7 million

IMPROVING

Jupiter Ext 1, Germiston, Gauteng

GLA: 11 508m^2

Adjacent to Geldenhuys interchange. New roof overlay, expanding the truck yard by 5 460m^2. Improvements to N3 facing facade

Cost: R5.4 million

Manufactured capital continued

South African property portfolio continued

Alternative investments | Diversifying income streams

Alternative investments are those investments that fall outside of our traditional three property sectors, being retail, industrial and office. Through these, we seek to enhance our income generating ability and diversify our income streams.

	REDEFINE'S INTEREST	ACTIVITY	STRATEGY
Student accommodation	▫ Current bed capacity of 8 378	▫ Completion of: ▫ Hatfield Square (Pretoria) – 2 331 beds ▫ Lincoln House (Bloemfontein) – 469 beds ▫ Roscommon House (Cape Town) – 582 beds	▫ Extend Yale Village by 196 beds ▫ Expand into Pietermaritzburg (Paton House) – 538 beds ▫ Demand for specialist assets – potential recycle opportunity
Loans	▫ Loans of R1.9 billion to various third parties, attracting commercial interest rates	▫ Loan to BEE consortium for Delta shares disposal, reflected in the books at market value of the Delta shares	▫ Provide loan funding to secure strategic partners and provide transformation opportunities ▫ Mitigate downside risk on Delta
High-yielding investments	▫ Solar PV plants ▫ LED screens, exterior media, kiosks and wi-fi ▫ Park Central residential development ▫ Oando Wings	▫ 23 solar PV plants generate 23.7MWp ▫ Non-GLA income growing by 16.2% ▫ Park Central, comprising 159 apartments, 37.9% and 12.1% by value sold and let, respectively	▫ Pipeline of solar PV projects to add another 3.5MWp ▫ Leverage non-GLA opportunities off property base ▫ Sell or rent Park Central units ▫ Sale of Oando Wings to Growthpoint Investec African Properties

Mike Ruttell
Development director

International property portfolio

Investment criteria

- **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**

Our focus

- Limited to Poland and the UK, as we begin to exit 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 relative to our forward hedged position
- Hedge balance sheet naturally through matching currency gearing
- Responsibly manage geographic concentration risk

Market overview

- The UK commercial market continues to experience shocks and headwinds, which is compounded by the uncertainty of Brexit
- Demand for student accommodation in Melbourne massively outstrips supply
- Continued growth in consumer spending in Poland sustains retail sales growth

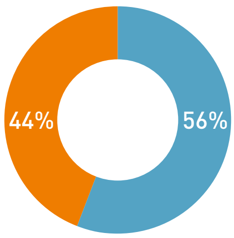
Our activity

- Invested R3.6 billion into Poland
- Expanded Polish logistics by development of 130 663m² of industrial GLA
- EUR32.8 million of exchangeable bond redeemed

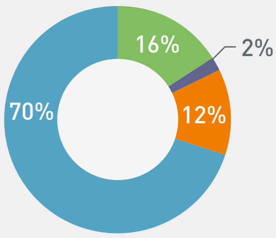
Our priorities going forward

- Provide ongoing strategic and financial support to our local partners
- Explore options to stem value reduction in RDI
- Complete Swanston Street development for the second 2020 semester
- Bring equity investor on board to expand logistics platform in Poland
- Realise capital uplift on student accommodation
- Free up Cromwell units that are trading at all-time high

International portfolio composition



Geographical spread by value

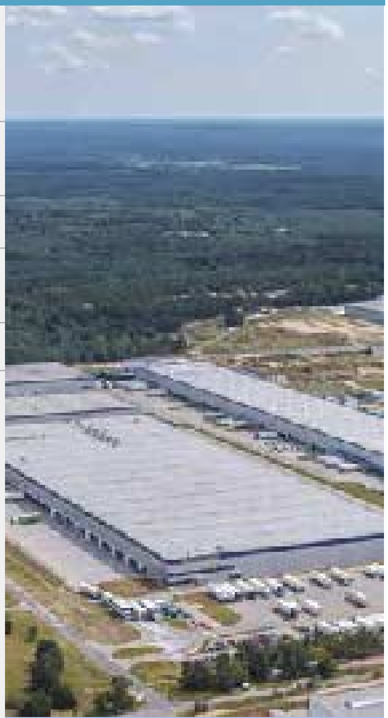


Manufactured capital continued

International property portfolio continued

POLAND

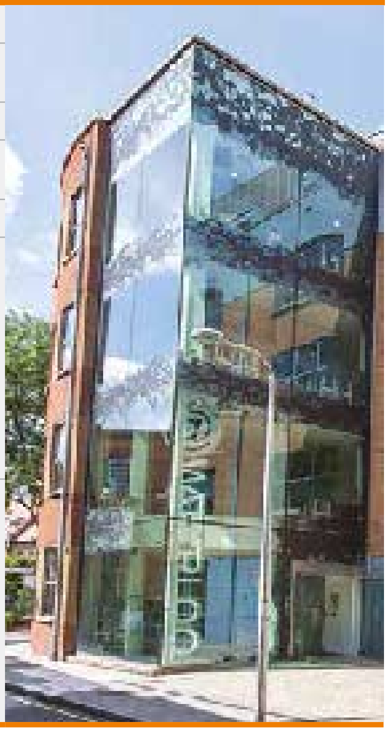
Redefine's interests	▫ EPP N.V. 45.4% ▫ European Logistics Platform 95% ▫ Chariot Top Group 25%
Platform profile	47% exposure to retail, 16% to office and 37% to logistics assets
Carrying value*	**R15.7 billion**
See through value of assets*	**R29.0 billion**
See through LTV	89.4%
Redefine activity	**EPP** ▫ During the year, Redefine acquired a further 88.6 million EPP shares from Pimco/Oaktree for a consideration of EUR129.8 million as part of the Chariot Put arrangement ▫ Ahead of EPP's AGM in June, Redefine and EPP entered into a voting limitation deed to limit its voting rights exercised at general meetings to no more than 40% of the aggregate votes exercised, to ensure that Redefine, as a minority shareholder, does not exercise legal or factual control of EPP **European Logistics Platform** **Completed developments** ▫ Strykow ▫ Bielsko Brala Phase I ▫ Lubin II Phase I **Developments in progress** ▫ Warsaw Phase I and II ▫ Opole Phase I **Land acquired for development** ▫ Gdansk, Torun and Ruda Slaska
Redefine strategy	▫ Support EPP in recycling assets at upper end of cycle rather than raising capital at high yields ▫ Grow logistics platform through development pipeline ▫ Focus on leasing to extend logistics standing portfolio, weighted average unexpired lease terms (WAULT) of 4.5 years ▫ Improve logistics platform occupancy – currently 89%, including two recent developments ▫ To support funding of the expansion of European Logistics Platform, an equity partner will acquire half of Redefine's interest – process is well-advanced ▫ Chariot is expected to unwind by the end of 2020



Refer to websites for more information on these entities:
www.epp-poland.com
www.logisticsplatform.nl

UNITED KINGDOM

Redefine's interests	▫ RDI REIT PLC 29.4%
Platform profile	43% exposure to retail, 21% to offices, 23% to hotels and 13% to industrial assets
Carrying value*	**R2.8 billion**
See through value of assets*	**R7.2 billion**
See through LTV	109.5%
Redefine activity	▫ Redefine has been working closely with RDI to evaluate all options to maximise shareholder value ▫ Exchangeable bond – 22% (EUR32.8 million) of the exchangeable bondholders have elected to put their bonds back to us in September – we were very surprised by the low take-up ▫ This leaves EUR117.2 million outstanding to the maturity date of 16 September 2021
Redefine strategy	▫ Options under consideration for Redefine to realise its stated objective of recovering value that has been lost ▫ Some options may require Redefine to remain invested in the medium term without committing further equity to RDI ▫ RDI REIT is no longer a core asset ▫ Funding arrangements to be put in place to allow for the possible early redemption of the EUR117.2 million exchangeable bond should corporate activity necessitate this



Refer to the website for more information on this entity:

www.rdireit.com

AUSTRALIA

Redefine's interests	▫ Cromwell Property Group 2.3% ▫ Journal Student Accommodation Fund 90%
Platform profile	20% exposure to offices, 2% to industrial assets and 78% to student accommodation
Carrying value*	**R3.7 billion**
See through value of assets*	**R2.9 billion**
See through LTV	29.8%
Redefine activity	**Journal** ▫ Provided financial support to Journal, including advancing a shareholder loan of AUD24 million to fund the development of Central ▫ The sale process of Journal has been actioned, with JLL appointed to assist with the process. The process was launched at the end of November 2019
Redefine strategy	▫ Establish Uni Place as the premier student accommodation facility in Melbourne ▫ Central development to be completed by mid-2020, in time for the second semester ▫ Excellent prospects for realisation of capital uplift on student accommodation (current prime grade yields for student accommodation are at 5% to 5.5%; we are developing at *circa* 9%) ▫ Disposal of Journal's assets will release remaining encumbered Cromwell units for disposal

Refer to websites for more information on these entities:

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

** Stated at the closing exchange rate at year end.*

HC Human capital

Creating spaces to... flourish

Lister Masia has worked with Redefine since inception. While she originally joined the company to assist in its cleaning department, her warm personality and work ethic led to later promotions and ultimately the opportunity to run one of the guest hospitality services for the company boardrooms.

During that time, she has watched the organisation grow and morph into a corporate giant, with many high-profile clients coming in and out of the boardrooms she serves. Through it all, Lister believes that Redefine has remained true to their brand. **"These are people who know how to work with people,"** she said proudly. **"Everyone is seen and acknowledged for their contribution to the company."**

Lister explained that she had received accolades for excelling at her job – and for making people feel welcome and special in the high-paced meeting room environment. **"I have received awards for the work that I do – for being the face of Redefine. And that's how I see myself. I welcome people in. I get to be the one who cares for them during a hectic day and I take pride in the role I play."**

"I love my job and I am thankful for the opportunity to work hard and care for people along the way. Redefine has made that possible and I love the people I get to work with every day."

Lister Masia
Redefine employee

What human capital means to Redefine

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

Human capital creating value

We believe that our employees are the driving force of our success, leaving lasting impressions through the connections they make. We therefore 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 deliver on our mission to create sustained value for all our stakeholders possible.

KEY OUTCOMES

Employee engagement score of **87%** above global and local benchmark

197 learners have completed our learnership programme since 2013

Certified as a **Top Employer** for the **fifth** consecutive year

Transformation across all levels in progress

By leveraging our employees' knowledge, skills and attitude, we differentiate our business in the marketplace. Empowering our workforce is an important aspect of nurturing a high-performance culture.

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

Human capital delivering sustained value for stakeholders

Tangible ASSETS + Intangible VALUE

Our focus on human resources: strengthening the intangible capital of the organisation

creates Stakeholder VALUE

Delivering on our purpose: To create and manage spaces in a way that changes lives

Materiality

Through our materiality determination process, the following matters were identified as being material to our human capital. Each of these matters have been grouped under a relevant broader materiality theme that speaks to the wider context we are operating in.

Material matters

- Governance and business ethics

- Business model resilience
- Employee skill resilience
- Flexible work requirements

- Transformation

Human capital continued

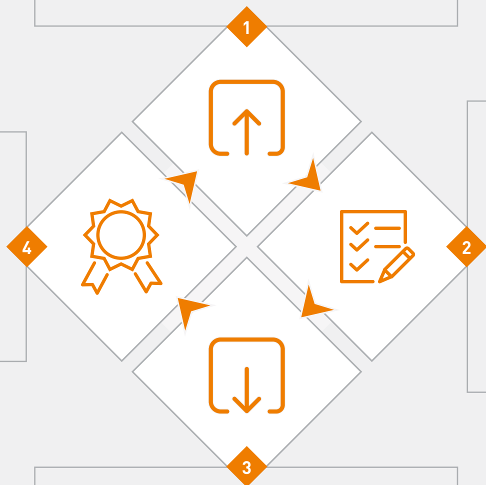
Creating value through our people

1 INPUTS

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

2 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



3 OUTPUTS

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

4 OUTCOMES

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

Our internal employee engagement programme is underpinned by the ethos:

- **Heads up:** Is about knowledge: strategy, objectives and goals
- **Hearts in:** Is about our employees' passion: our values and how we behave
- **Hands on:** Is a strong call-to-action: it's in our employees' hands

heads up hearts in hands on

Unpacking our staff profile

Our operating landscape requires specialist skills which are often nurtured over years of exposure to our industry. For this reason, Redefine consistently aims to attract and retain the right people for our organisation.

Permanent employees	
424	(2018: 409)
Temporary employees	
60	(2018: 48)
Average age	
40	(2018: 40)
Average tenure	
5 years	(2018: 5)
Total employee turnover	
11.6%	(2018: 10.5%)
Female employees	
58%	(2018: 55%)

Attracting and retaining top talent

Recruiting and developing high-performing individuals who have the right qualifications, know-how and people skills to align with our evolving business needs and our brand.

During 2019, we were recognised as a Top Employer in South Africa for the fifth consecutive year. The certification is hosted by the Top Employers Institute and comprises comprehensive research that scrutinises employee offerings across companies. The annual certification provides valuable feedback to Redefine, which allows us to benchmark our employee offering and ensure that we remain an employer of choice through continuous improvement.

Our employee value proposition (EVP) is key to our ability to attract and retain talent as it demonstrates the value we offer to our employees as an employer, but also clearly articulates our expectations of our employees in return. During 2019, we implemented an awareness initiative aimed at providing information and insight into our updated employee benefits, which included financial and group risk benefits. Our focus is on fair and responsible remuneration for all our employees, and we benchmark pay between the median and 75th percentile of the market.

Our human capital policies support the delivery of our employee value proposition, including various leave policies to ensure we look after the mental, emotional and physical wellbeing of our staff and their families. In 2020, we will articulate our position on workplace flexibility.

Growing engagement

An engaged workforce greatly enhances our human capital value and positively contributes to our aspirations to remain an employer of choice. We regularly undertake employee engagement surveys to gain better insight into the levels of engagement in our organisation and to identify areas for improvement.

During 2019, we evolved our approach to engagement surveys. For the reporting year, we opted to undertake a comprehensive baseline engagement survey, covering questions from all areas of our business. In future, we will undertake smaller pulse surveys to better understand areas for improvement identified by the baseline survey, and to identify new gaps that may arise. Pulse surveys are growing in popularity, not only because they are shorter and reduce the amount of time it takes employees to give feedback, but also because they alter the frequency with which the surveys can be undertaken. In this way, pulse surveys can be used on an ongoing basis to track month-to-month engagement, and more targeted engagement on specific issues.

The results from the baseline 2019 survey indicated that our staff are highly engaged, with a score of 87%, which significantly outperforms the global and South African benchmarks of 64%.

We encourage freedom of association amongst our employees. We do not have any collective bargaining units at present.

Entrenching ethics throughout the organisation

Our ability to demonstrate an exemplary track record in ethics management is the cornerstone of how we build trust with our employees and other stakeholders over time. We regularly conduct ethics surveys in the organisation, and also consult external, independent parties to provide feedback on the health of our ethics management systems.

We conducted an ethics survey in November 2018 amongst our employees, 59% participated and we achieved an AA rating (previous years we achieved an A rating). We did the ethics survey again in November 2019, 60% of our employees participated and we achieved an AAA rating. The results demonstrate the strength of Redefine's ethical capital and supports our sound ethical reputation. The results also identified gaps where more attention is needed, while highlighting areas of exceptional performance.

Looking ahead, Redefine will leverage its strong ethical position through leadership in the industry. We also acknowledge our responsibility to uphold our ethics performance, and to continue building on the positive results we achieved.

Redefine's overall ethics rating is measured on a scale from **D to AAA,** the latter being the best result.

Human capital continued

Building leadership from within

During 2018, we implemented the Strengths Deployment Inventory (SDI) programme at senior management level to enable leaders to improve their self-awareness and to adopt the value of collaboration. The aim of this initiative was to realise how each team member's behaviour influences the overall team dynamic. Doing so helps create and build trust, understand and manage conflict in a more appropriate manner and build strong teams to enable even more effective business performance.

We extended the programme to the rest of the business in 2019 and focused on implementation within targeted functional teams. We also commenced our ***Managers to Mentors*** monthly sessions to equip our leaders with the necessary tools and skills to mentor not only our employees, but also external mentees that may apply – thereby creating a culture of mentorship in our organisation.

MANAGERS TO
MENTORS

Growing our organisational capabilities through transformation

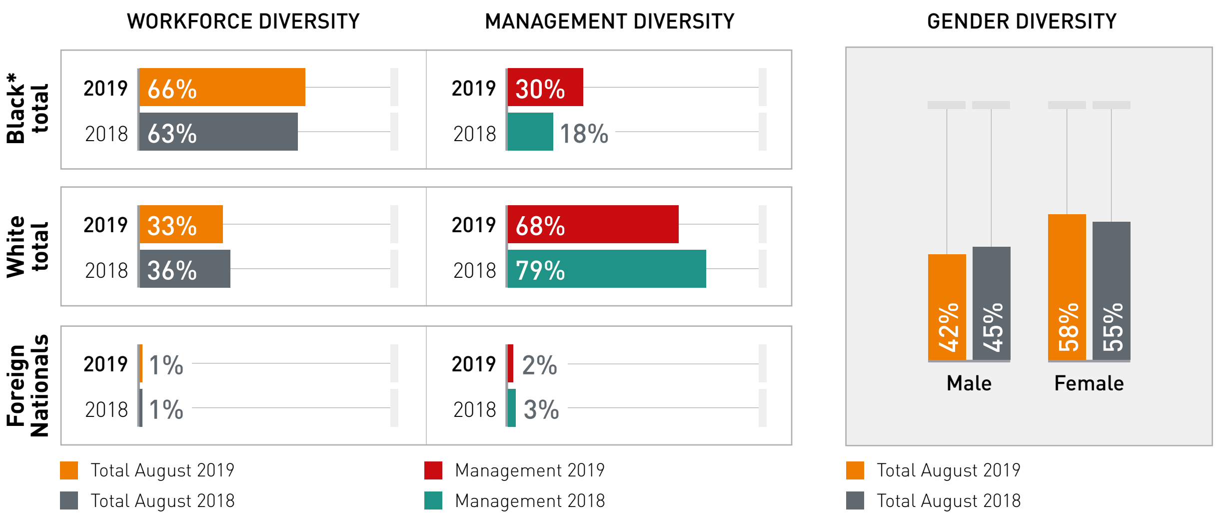
Ensuring a diverse and inclusive workplace is more than just a legal and moral obligation, and Redefine accepts inclusivity as an essential component of remaining competitive in the marketplace. The unique identities and experiences of our people bring balance and perspective to our functional and leadership teams, boosting effectiveness and resilience. Diversity is a major driver of innovation, while an inclusive workplace provides equal opportunity for all. An ongoing challenge to our transformation efforts is the impact of employee transfers and resourcing models.

As a consequence of the shortage of skills, we are looking for talent beyond the sector, and 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 – focusing on people, not jobs. We do not tolerate discrimination in any form, and our human capital policies are in support of this commitment.

Our transformation progress

Although progress has been made towards our transformation ambitions, we recognise that more must be done to achieve a truly representative management team. For example, although white males only represent 13% of the workforce, they hold 100% of top management positions.

To ensure that we are building a pipeline of future leaders to address this challenge, during the year, we added to the depth and breadth of our senior management. It is pleasing to note black female representation at senior management level continues to improve year on year, from 4% in 2017 to 6% in 2018, and 13% in 2019. Similarly, black males made up 4% of senior management in 2017, 15% in 2018 and 21% in 2019. These movements affirm the focus and drive of the organisation to accelerate transformation at senior levels.



* *Black is made up of African, Coloured and Indian employees.*

WE ARE PROUD TO REPORT

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

(For more information, see our summarised governance section from **page 20**)

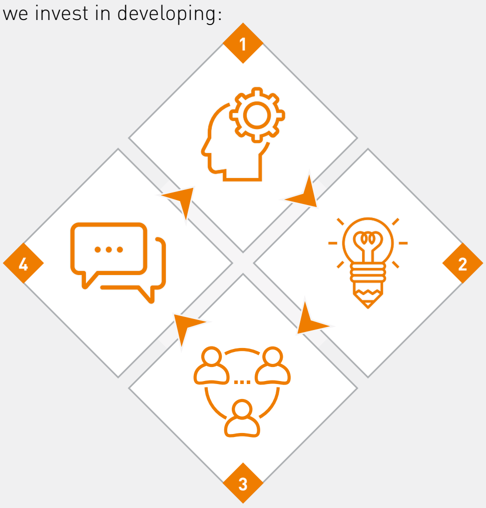
Gaining valuable work experience

For the past seven years, our learnership programme has created exciting opportunities for participants, while also growing the pool of skilled entrants into our sector. Successful applicants gain work experience at Redefine for one year while also earning a salary. Learners obtain a recognised qualification in business administration and practical industry-related experience. The learnership programme comprises structured learning at National Qualifications Framework levels 2 and 4, as well as practical on-the-job training in all facets of property management. The programme started with only five learners in 2013, growing in popularity, with 1 200 applications received for this year. Through a rigorous selection process, we facilitated the intake of 21 new learners and 16 permanent employees. To date, 197 learners have graduated, including 49 learners graduating in 2019. Over the years, our learnership programme has highlighted that corporate companies can play a meaningful role in the development of skills and capability in society.

Preparing for the changing world of work

The world is changing at a rapid pace. The global trends that will define the world of work by 2025 are characterised by increased acceleration in various areas, including technology, the knowledge economy, globalisation, carbon resources, demographic challenges and social trends. In South Africa, intensifying economic, social and political disruptions are forcing organisations to move beyond mission statements and social impact programmes, and to bring meaning back into the workplace.

To thrive in this constantly changing environment, we have identified four competencies as being the most relevant to achieving success. Redefine is passionate about nurturing these competencies and we invest in developing:



1 **Critical thinking**	Problem-solving
2 **Creativity**	Thinking outside the box
3 **Collaboration**	Working with others to achieve a common goal
4 **Communication**	How to best convey ideas in a clear and concise manner

Source: Partnership for 21st Century Skills – adapted

Every **leader** was once a

learner

As part of this journey in preparing for a new and exciting world of work, we have begun our journey of **modernising our human resource (HR) systems** to improve engagement, and have implemented new systems which includes the following:

01	Integrated HR Information Management System (HRIMS)
02	New employee self-service portal
03	New performance management system
04	A learner management system
05	Online reward and recognition platform

Furthermore, 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 remain focused on building change capabilities 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.

SRC Social and relationship capital

Creating spaces to... enterprise

Bheki Twala is committed to the Soweto community. Popularly known as Ma'Events by the members of his community due to his experience in the events industry, Bheki is also a businessman who has founded three non-profit companies – the Soweto Tourism Association, the Soweto Chamber for Supply Chain and the Soweto Business Collaboration.

Speaking about Redefine's *Convention Challenge* held at the Maponya Mall, Bheki believes that Redefine has created a platform to connect with the community and co-create real solutions – narrowing the gap between big and small businesses, as well as between businesses and the community itself.

"I grew up here in Soweto, and I've never seen a company engage the community as Redefine did." Bheki believes that the community is hungry for change, and that spaces like Maponya Mall and events like the *Convention Challenge* are the perfect catalyst for this.

Bheki hopes that this initiative will be particularly beneficial for the youth of the country. **"Jobs are created by small businesses, so we need to nurture young entrepreneurs to take ownership of the country's direction."**

To those who believe that running a business is a lonely space, he says: **"Belong to a network of people who are willing to share their collective knowledge, chase ideas that do not require a lot of start-up resources, and build from there."**

Bheki Twala

Community participant at *Challenge Convention* held at Maponya Mall, Soweto

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 is what sets us apart.

Social and relationship capital 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 by making a difference to people's lives.

KEY OUTCOMES

Centurion Mall and Kyalami Corner **won gold** at the Footprint Marketing Awards 2019	**233 stakeholders** engaged with the second ***Challenge Convention*** at Maponya Mall
3rd in EY Excellence in Integrated Reporting 2019	**International Council of Shopping Centres Solal award** for ***Innovation Challenge***

Creating spaces to challenge the norm

We firmly believe that, to shape a more sustainable outlook, a shift from social investment to social innovation is critical. In line with this thinking, we launched an initiative called the ***Challenge Revolution***, which encompasses several major business initiatives, including the ***Challenge Convention*** series, the ***Innovation Challenge*** and ***The Mentorship Challenge***.

These initiatives all reflect our belief that we need to remain relevant and forward-thinking by considering and collaborating with the people in and around our properties to identify and address their real needs in a truly South African way. Through this focus, we are able to tackle real business and social challenges, such as transformation and skills gaps, while remaining relevant and offering better experiences in our spaces.

Materiality

Through our materiality determination process, the following matters were identified as being material to our social and relationship capital. Each of these matters have been grouped under a relevant broader materiality theme that speaks to the wider context we are operating in.

Material matters

- Social volatility
- Damage to property and security-related threats

- Transformation

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Creating spaces to challenge the norm	101
Engaging to sustain value	103
Delivering broad-based transformation	105

Social and relationship capital continued

UMBRELLA CONCEPT

Redefine challenge revolution

UNDERLYING INITIATIVES

Challenge Convention

As we move from investment to involvement, our approach has evolved too. Redefine's commitment to an asset-based community development (ABCD) approach seeks to recognise communities as partners possessing the skills and assets to develop and support solutions that will deliver sustainable transformation.

In its initial phase, our ABCD approach with regard to Maponya Mall involved extensive engagements with over 1 000 community members, community-based organisations, local NGOs, political representatives, local businesses and entrepreneurs. The culmination of this engagement process was our first ***Challenge Convention*** at Maponya Mall. In April this year, we hosted our second convention – again at Maponya Mall – where we provided feedback to the community on the high-priority issues we identified together, and we discussed potential solutions to address these.

After the convention, we followed a tender process to make the identified projects a reality and to deliver the outcomes we hope to achieve. We are now in a strong position to implement sustainable solutions and thereby support real and enduring change in our Soweto community.

Going forward, we intend to roll out comparable initiatives across our portfolio in retail centres, offices and industrial spaces.

Redefine challenge convention

Innovation Challenge

The ***Innovation Challenge*** is a competition across South Africa to generate ideas from entrepreneurs and innovators from all walks of life that either re-thinks, re-invents or re-configures the physical spaces we occupy and interact within, or creates an entirely new way of doing things – in the office, retail and industrial property arenas.

The winner of the first ***Innovation Challenge***, Mary-Ann Mandishona, scooped top honours with her Cash4Trash concept – a recycling initiative powered by vending machines strategically located in 'green zones' in the mall, where the community can bring their recyclable trash to be converted into usable coupons in the mall.

Through this direct type of engagement, we hope to generate more implementable ideas that will set Redefine apart and make a meaningful difference to our stakeholders by integrating community needs into our spaces, improving tenant experiences and uplifting entrepreneurial finalists.

Redefine innovation challenge

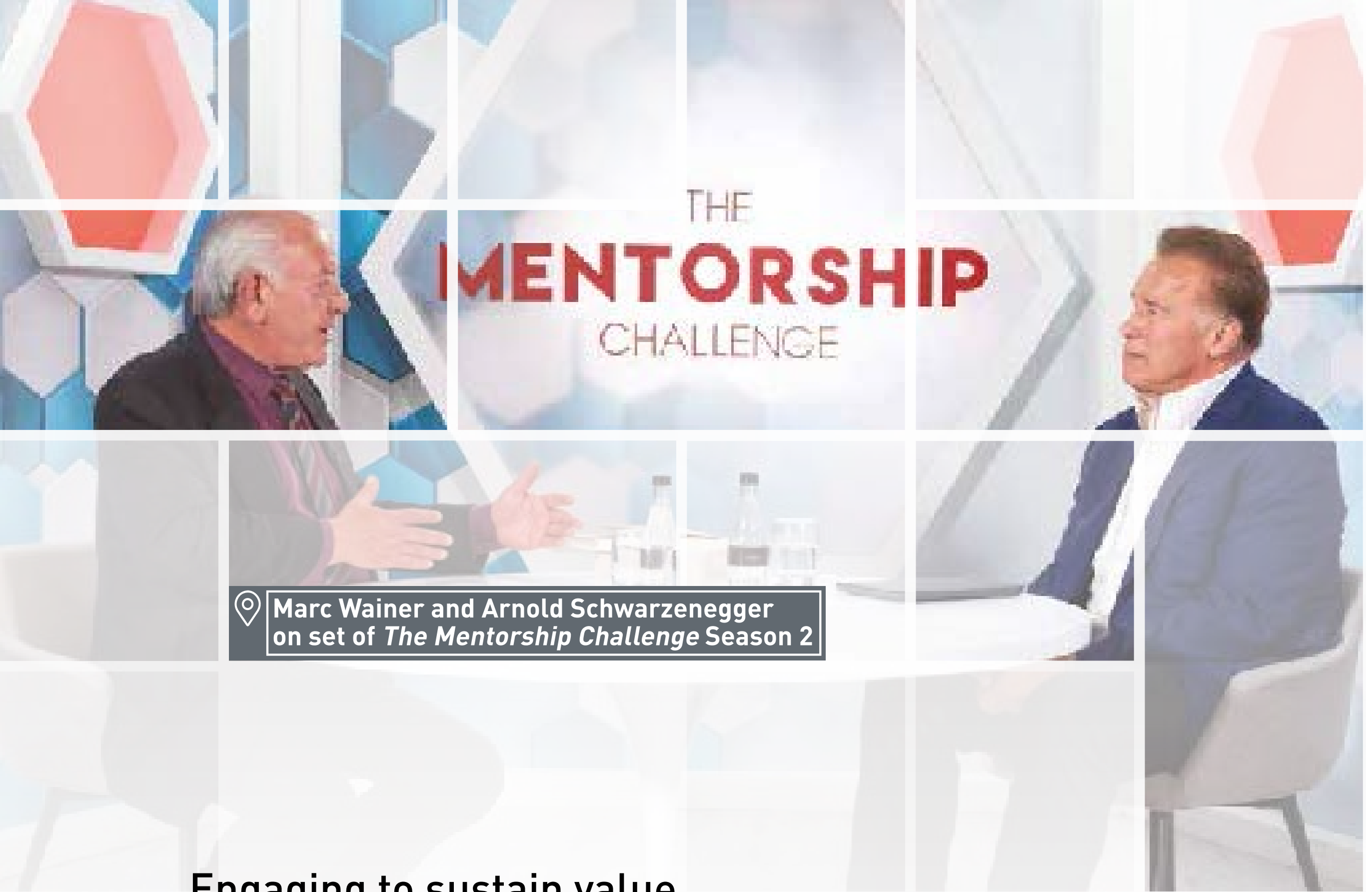
The Mentorship Challenge

The Mentorship Challenge show was co-hosted by Marc Wainer, who is not only our founder, but a seasoned entrepreneur and astute businessman in his own right, and who, together with his experienced guests, look at issues facing the youth in South Africa – such as the lack of mentorship opportunities, skills shortages, start-up challenges and employment opportunities. This initiative offers us an opportunity to inspire fellow corporates to join the mentorship movement and give back to communities in a meaningful and sustainable way.

The Mentorship Challenge with Marc Wainer

590	6 350	740
Number of **mentors** registered	Number of **mentees** registered	**Total number** of mentors and mentees matched

For more information on the outcomes of these initiatives, please see our ESG report.



Marc Wainer and Arnold Schwarzenegger on set of *The Mentorship Challenge* Season 2

Engaging to sustain value

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. Therefore, engaging constructively and inclusively with our stakeholders is a strategic imperative. For more information on our engagement strategies, please see the ESG report.

Deepening our engagement with investors and funders

As providers of financial capital, our investors and funders are crucial to the growth and sustainability of our business. To support ongoing relationships of mutual benefit, we work to understand the needs and expectations of these stakeholders and to address their concerns.

During 2018, we realised the importance of a separate, formalised engagement strategy for our funders. Documenting and fine-tuning this was a key priority in 2019. Our investor communication plan for the year ahead will focus on continuous demonstration of delivery on our strategy and will ensure ongoing communication to address investors' key concerns.

Enhancing tenant experiences

In a fiercely competitive environment, tenant retention is top-of-mind. We recognise that to truly bring our brand positioning to life, we need our tenants to experience a meaningful connection with us as people, not landlords.

During 2018, 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 developed a tenant journey map that outlines the ideal future state of each interaction during the tenant's journey with Redefine.

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. While progress on this project is slower than what we anticipated due to the scale of change management required, we aim to implement quick-wins to enhance tenant experiences for further evaluation.

Tenant Experience Programme

Driving passion through employee engagement

We acknowledge 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. It is important that our people know the value they bring to our organisation is as much who they are as it is what they do.

For more detailed information on our employee engagement, please refer to our ESG report.

Social and relationship capital continued

Reaching out to our brokers

Tenant attraction and retention is critical in our current subdued economic landscape. As tenant representation and consulting services offered to tenants by brokering houses become increasingly common, we appreciate that our relationships with both our tenants and the broker community must be nurtured. Therefore, 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 REACH magazine, marketing campaigns such as 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. Furthermore, we provide an annual incentive trip for top-performing brokers to locations around the world. Our vacancy portal is another tool we use to facilitate engagement with our brokers.

Members of REACH in Vietnam

Partnering with suppliers

To ensure our business aligns with our people-centric brand, it became increasingly evident that our suppliers, whom we rely on to deliver our value proposition to other stakeholders, including our tenants and shoppers, should be considered as critical representatives of our brand.

In 2019, we finalised our procurement strategy. Our change management programme, aimed at implementing standard operating procedures regarding our procurement practices, was implemented from November 2019. During 2019, we commenced work on an improved supplier engagement strategy for our broader supplier base. This includes a supplier on-boarding programme and communication plan that drives advocacy. This strategy will be finalised by the end of the 2020 financial year.

Supporting our communities

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

We have 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 our stakeholders – as well as their impact on us and with each other. Furthermore, these engagements will help us understand the needs of the communities around our buildings, and allow us to work with them in developing projects and innovative solutions that will make a real difference.

Our strategy will be finalised during the next financial year and will guide decisions and set out specific objectives and criteria regarding community projects we invest in based on feedback received from community engagement at the ***Challenge Conventions***.

Delivering broad-based transformation

Our BBBEE performance during 2019

We acknowledge that transformation is key to our long-term growth and sustainability and while it plays a vital role in accessing business opportunities, it goes beyond mere compliance. In focusing on the achievement of our transformation strategy, Redefine will continue to contribute to the growth and transformation of the property sector and by extension South Africa.

In 2019 Redefine retained its Level 3 B-BBEE contributor status in accordance with the amended Property Sector Code. Although the 2019 operating environment was challenging and we anticipate that 2020 will present similar challenges, we will continue to drive the achievement of our greater transformation goals. These can only be delivered through concerted efforts that will be implemented throughout the group's operating model and backed by a strong transformation strategy. Efforts are already underway to do so through a number of initiatives specifically focused on areas such as preferential procurement, enterprise and supplier development, employment equity, as well as skills development.

BBBEE scorecard*

	2019	2018	2017
Ownership	30.45	30.94	26.30
Management control	3.00	3.00	2.60
Employment equity	2.18	2.39	2.47
Skills development	18.55	18.65	16.48
Enterprise and supplier development	32.43	29.89	27.01
Socio-economic development	2.00	2.00	0.29
Economic development	5.00	5.00	5.00
Overall score	93.61	91.87	80.16
BBBEE contributor level	3	3	4

* As rated by Honeycomb BEE Ratings (Pty) Ltd. The verification was based on the Amended Property Sector Code released by the Department of Trade and Industry (DTI) in May 2017, as well as the Amended Codes of Good Practice on Black Economic Empowerment released by the DTI in October 2013.

IC Intellectual capital

Creating spaces to... recreate

Redefine's special projects manager, Jacques Kok, has grabbed the opportunity to spark innovation with both hands, tackling his assignments enthusiastically with his eye on the prize – keeping Redefine one step ahead of competitors. A marketing professional with years of experience in the retail property game, he certainly knows his business.

"We're operating in a more challenging space than ever before. The Fourth Industrial Revolution looms large over us while disruption defines business unusual. The only way to know what direction to take is to keep in tune with your stakeholders, especially Generation Z who speak the language of disruption."

But the concepts of innovation and disruption don't fit comfortably into the broad perceptions of the property sector. "When people think REIT, they don't leap to innovation. Quite the opposite, in fact. But we want to change that perception."

With this in mind, Jacques carefully nurtures Redefine's innovation strategies. He believes that real innovation starts with an authentic connection. **"It's understanding how our business agenda relates to the needs of our stakeholders – whether it's the need for a more supportive business environment or an enhanced shopping experience. Sometimes it's the need for a better way of doing something you're already involved in."**

For Jacques, these initiatives are not about pure social investment or simply ways to gain innovative concepts for company gain. **"An innovative idea mustn't just make us look good – it's not simply marketing or reputation management. In the complex environment we operate in, the old corporate social investment model cannot work anymore. Today's needs must be met through social innovation. Our goal is to create a platform for people to share ideas that help us all live with purpose."**

And, according to Jacques, this is precisely what Redefine's broader *Challenge Revolution* initiative is doing.

For more information on the *Challenge Revolution*, see **page 102**.

Jacques Kok
Special projects manager at Redefine

What intellectual capital means to Redefine

Intellectual capital refers to the expertise and knowledge inherent to 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.

Intellectual capital creating value

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

Agile execution is more important than the strategy itself. In a fiercely competitive environment, leveraging and consistently challenging our intellectual capital to remain relevant enable 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 while changing people's lives.

KEY OUTCOMES

Business analytics techniques are being utilised to **identify core processes for success**

Wi-fi platforms are live in **15 malls** and receiving **1.2 million** impressions per month, and generating income

Increased measures to promote the **implementation of corporate ethics** through a formal annual ethics programme

Improved **board independence** – appointed Daisy Naidoo

100% of non-executive directors are independent and **55%** of our board is female

Entrenching integrated thinking

Operating in a long-term asset class, we make strategic choices with lasting impacts. Deeply considering the sustained impacts of our choices is therefore critical and makes embedding a broader definition of value into every aspect of our business essential.

In line with this long-term view of our business, we have identified the sustainable development goals (SDGs) that we believe are most relevant in terms of potential impact and opportunity for our business. We believe by considering future sustainability and ESG factors, we build value, and this is, simply, responsible business practice.

We believe that this approach gives us an advantage over our competitors, and we strive to entrench this thinking across all levels within Redefine. We have designed our strategy to factor in the inter-relatedness of all the capitals at our disposal – financial, manufactured, human, social and relationship, intellectual and natural, as well as taking a long-term perspective, divided up into long-term, medium-term and short-term objectives and roadmaps.

We measure our progress against these objectives, using meaningful key performance indicators which are tied to remuneration across the organisation. Please refer to our remuneration report in our ESG report for more information.

Materiality

Through our materiality determination process, the following matters were identified as being material to our intellectual capital. Each of these matters have been grouped under a relevant broader materiality theme that speaks to the wider context we are operating in.

Material matters

- Governance and business ethics
- Regulatory compliance

- Business model resilience
- Employee skill resilience
- Disruptive technology
- Cyber resilience and data security

- Regulatory compliance

Intellectual capital continued

Striving for best practice governance

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.

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 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 we deliver against this strategy to create value for ourselves and our stakeholders – now and into the future.

Our board members accept responsibility as the custodians of governance, and also assume collective responsibility for strategy, policy, oversight and accountability, and have adopted a stakeholder-inclusive approach in the execution of their governance role and responsibilities, guided continuously by their commitment to the principles of King IV.

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.

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

For more information on how we create value through our governance processes, please refer to our ESG report.

Entrenching innovation as part of our DNA

The pace of change we are 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. We must, therefore, encourage the experimentation, creativity and flexibility that promote innovative thinking, while managing risk within our agreed appetite.

During the year, we continued the rollout of our Spark Innovation Programme to help foster an internal culture of learning, embracing innovation and fostering out-of-the-box thinking.

spark innovation

Investing in our brand through enhanced technology

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 critical 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.

Work on tenant experience management system is ongoing with phase 1 to be completed during the first half of the 2020 financial year. Work also continues on the development of a refreshed employee intranet, as well as research into other interactive stakeholder engagement platforms.

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 continued our internal brand ambassador campaign to ensure our employees understand the importance of safeguarding and living our brand, called ***Represent***.

Leveraging technology in our spaces

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.

Our wi-fi platforms are live in 15 malls and receiving 1.2 million impressions per month, generating income.

Furthermore, we have 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.

We anticipate that we will have 20 LED screens generating revenue by March 2020.

Identifying opportunities for business excellence

During the year, we sought to identify key opportunities to streamline business processes and functions to meet our tenants' needs more efficiently. From areas identified, business process and business analytics techniques are being utilised to identify core processes for success, allowing us to focus efforts on core competencies. Furthermore, a process management centre of excellence is being established to oversee business process management efforts in Redefine.

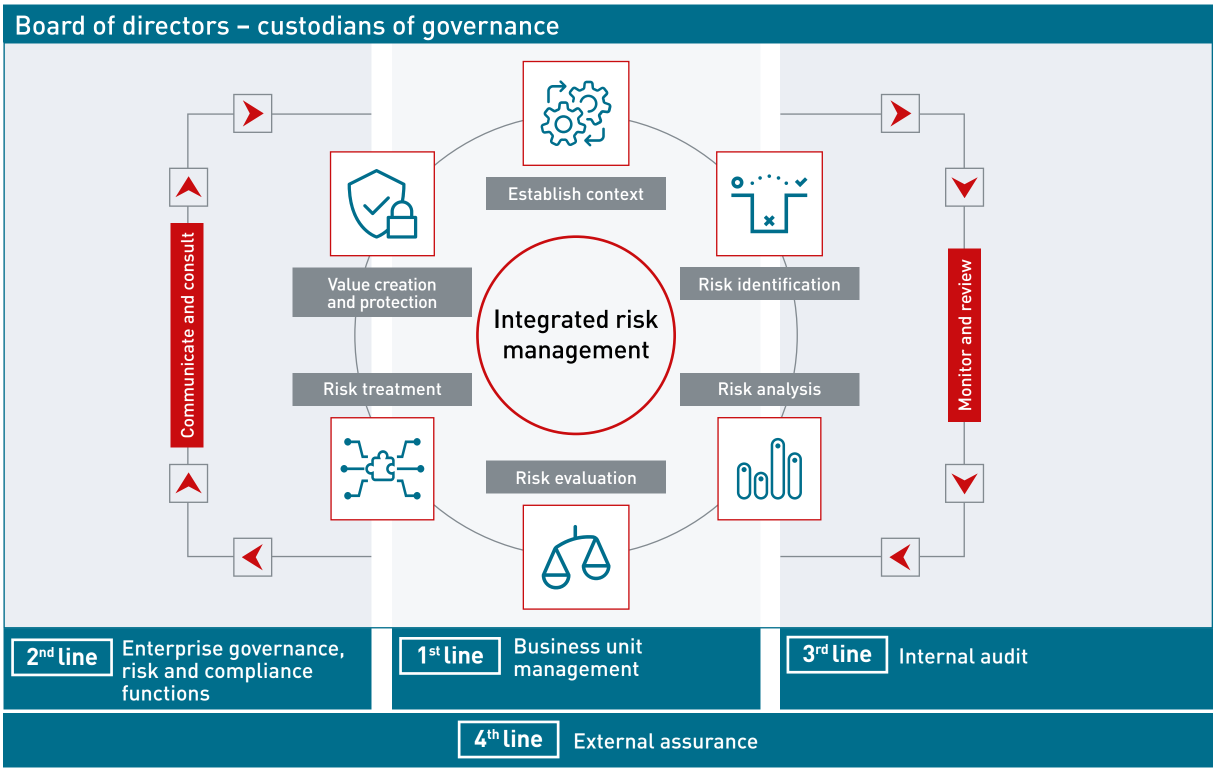
Maturing information technology governance and service standards

We continue to 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. This approach has allowed IT to clearly identify key focus areas within each architectural layer requiring attention, and has already demonstrated benefits to date within the IT infrastructure and service environment and highlighted the need to take a prudent approach in procuring fit-for-purpose applications.

Maturing and bedding down our assurance approach

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.

The manner in which we obtain adequate assurance throughout the integrated risk management process:



Creating spaces to... collaborate

Sustainable design has become integral for the longevity of buildings. In South Africa, this trend is growing, with architects and engineers focusing on using alternative materials, design concepts and uses to offset the pressure on precious natural capital. In fact, implementing green building practices, even in redevelopment, aligns companies with the bigger picture of climate change mitigation.

The team at LEAF Structures understand this well and have been key partners in the recent redevelopment of Benmore Gardens, offering a custom-engineered, design-build solution that provided significant uplift, while contributing positively to the environmental sustainability of the building.

Indeed, Andrew Spottiswoode, managing director of LEAF Structures, is passionate about the cohabitation of the natural and built environment. **"When we start incorporating nature into buildings, focusing on design principles that respect nature, as well as the human beings that occupy them – these are the buildings that people want to be in, the ones that can boast both popularity and longevity."**

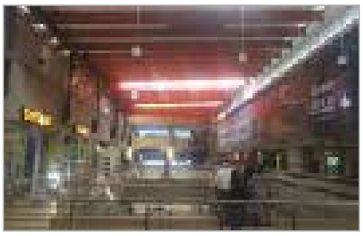
Thembakazi Mdlopane, LEAF Structures' business development director, agrees that this is the direction that professionals who work in developing the built environment must pursue to address the evolving way people use real estate. **"Buildings now show higher levels of integration, with the boundaries between work and leisure increasingly blurred. Work, live and play must all be integrated into a single, mixed-use building. Moreover, people are also choosing to work, shop and spend time in places that have a positive impact on their wellbeing and are increasingly interested in its impact on the environment, too."**

Meeting these requirements when looking at redeveloping an existing building is no easy feat. Focusing on the potential big wins on specific elements of the building is often the way forward. And this is exactly what the LEAF Structures team, in collaboration with many other like-minded professionals – including our Redefine team – provided in their work on Benmore Gardens, where they went about breathing fresh life into the existing structure through the use of innovate cladding materials.

Through extensive engagement, the team decided on using Ethylene Tetra Fluoro Ethylene (ETFE) as the cladding material. Alongside its low weight, the major benefit of ETFE is its high translucency, transmitting up to 95% of light. The longevity of the material is, however, unaffected by UV light, as well as atmospheric pollution and other forms of environmental weathering, making it an extremely durable material.

ETFE also scores well on the eco-friendly front, being 100% recyclable, and requiring minimal energy for transportation and installation means that it makes a significant contribution to the move towards green construction and sustainability.

The end results speak for themselves.



Benmore Centre, Sandton, before and after retrofit

Thembakazi Mdlopane

Supplier at Benmore Centre (LEAF Structures)

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.

Natural capital 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. We strive to not only limit our negative contributions towards climate change, but to ensure our business is resilient in the face of this growing risk.

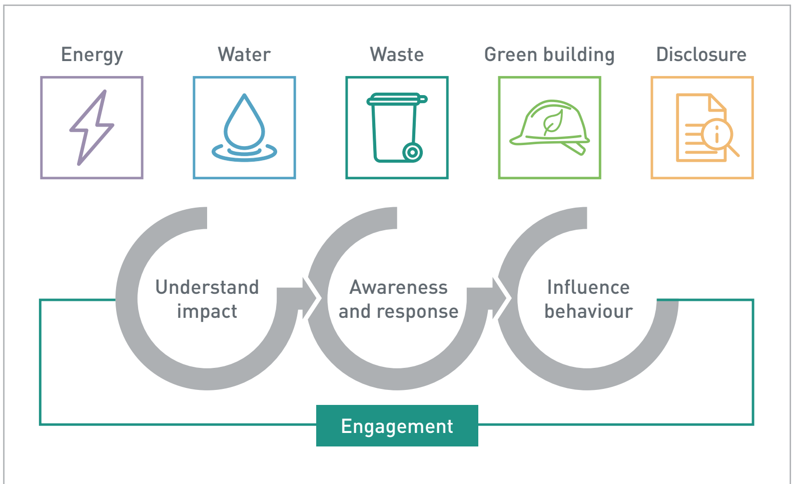
KEY OUTCOMES

Expanded external waste management to office buildings as part of our **Green Star programme**	Continued to install various technologies, such as online monitoring and leak detection, smart shutoff valves and sensors in bathrooms to **reduce water consumption**
34 575 tCO_2e carbon emissions savings from our solar installation for the year equate to taking approximately **7 340 passenger cars off the road**	**74 Green Star SA certifications** (2018: 44)

Executing an effective environmental strategy

Our key environmental focus areas include energy, water, waste, green building and disclosure. In each of these focus areas, we primarily aim to understand our impact, followed by creating awareness both within the organisation and externally among our tenant base. Through these efforts, we consistently seek to influence the right behaviours that drive positive change.

We take into consideration both the business benefit and the environmental benefit when considering how to use our resources in the best way possible.



Materiality

Through our materiality determination process, the following matters were identified as being material to our natural capital. Each of these matters have been grouped under a relevant broader materiality theme that speaks to the wider context we are operating in.

Material matters

- Climate change resilience
- Energy management
- Water and waste management

- Business model resilience

- Infrastructure and administrative delivery locally
- Government policy uncertainty

- Regulatory compliance

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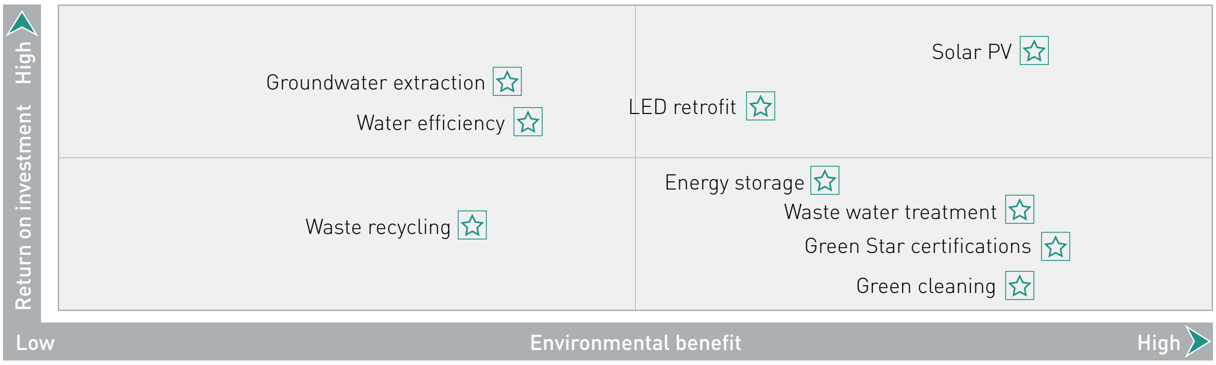
Natural capital continued

Although Redefine consistently strives to improve its efforts to operate more sustainably, the implementation of projects during 2019 were often deferred due to financial viability concerns.

We envisage that environmental sustainability initiatives will increasingly use the 'cost of not acting' investment principle rather than generating immediate financial returns. Within Redefine's operating context, investment into these initiatives is set to become a long-term defensive strategy against climate-related risks, which will strengthen our competitive offering by providing healthier spaces with lower operating costs to our tenants.

Considering initiatives within Redefine's materiality framework, the ratio between return on investment and environmental benefit drastically varies from initiative to initiative. In future, a number of these initiatives may also safeguard our reliance on publicly provided services such as electricity, water and waste management.



Understanding our impacts

Carbon footprint

Electricity consumption contributes significantly to our overall carbon footprint. For grid-supplied electricity, we use the 2019 Eskom emission factor to calculate a carbon dioxide equivalent. In 2019, this increased by 9.5% to 1.04kgCO_2e/kWh, up from 0.95 kgCO_2e/kWh in 2018, impacting our carbon footprint and diminishing carbon savings as a result of energy efficiency initiatives.

During 2019, our overall carbon footprint increased by 8%; however, it would have reduced by 1% if we applied the 2018 Eskom emissions factor. Our absolute electricity use decreased by 3%.

Our use of non-Kyoto gasses reduced by 75% as a result of our implemented refrigerant policy, but does not consider multi-year cyclical replacements.

Our Scope 1 emissions increased by 2%, driven by a vast increase in diesel consumption used for backup or standby generation as a result of infrastructure failure or loadshedding. Our diesel consumption increased by 207% compared with 2018. A 38% reduction in fugitive emissions balances out the overall increase in Scope 1 emissions. We expect increased Scope 1 emissions during 2020 as a result of continuous power failures.

Please refer to the full carbon footprint in our ESG report.

Meticulous measurement of our impact on the natural environment empowers Redefine to take definitive action in areas that require improvement. It also enables us to become advocates for responsible environmental stewardship in those areas where we excel.

We use widely adopted measures to communicate our environmental performance to our stakeholders and to provide comparability and context. This also ensures we remain relevant in the context of global environmental protection efforts.

For more information on our impacts, including our carbon, water and waste footprints, please see our ESG report.

Our environmental efforts are further benchmarked and disclosed through public platforms, including GRESB and SAM (previously RobecoSAM), and our performance is reported in our ESG report.

Our CDP results

The annual CDP disclosure results cycle has been amended and as such, going forward our repoting will include results of our CDP disclosure score released in 2019 for our 2018 financial year.

	Future focus areas
CDP – Climate 2018: B (2017: B)	▫ Target-setting through Science Based Targets (SBT) ▫ Alignment with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations ▫ Climate-related scenario analysis ▫ Value chain engagement
CDP – Water 2018: B- (2017: B)	▫ Separate measurement and account for all water sources ▫ Alignment with the TCFD recommendations ▫ Water quality measurements must be undertaken annually at all buildings ▫ Water discharges have to be measured and not calculated as is commonly done ▫ Water recycling initiatives must be implemented and measured (i.e. waste water as a source)
Priorities	▫ Review frameworks ▫ Set targets ▫ Address resilience thinking

Reducing our impacts

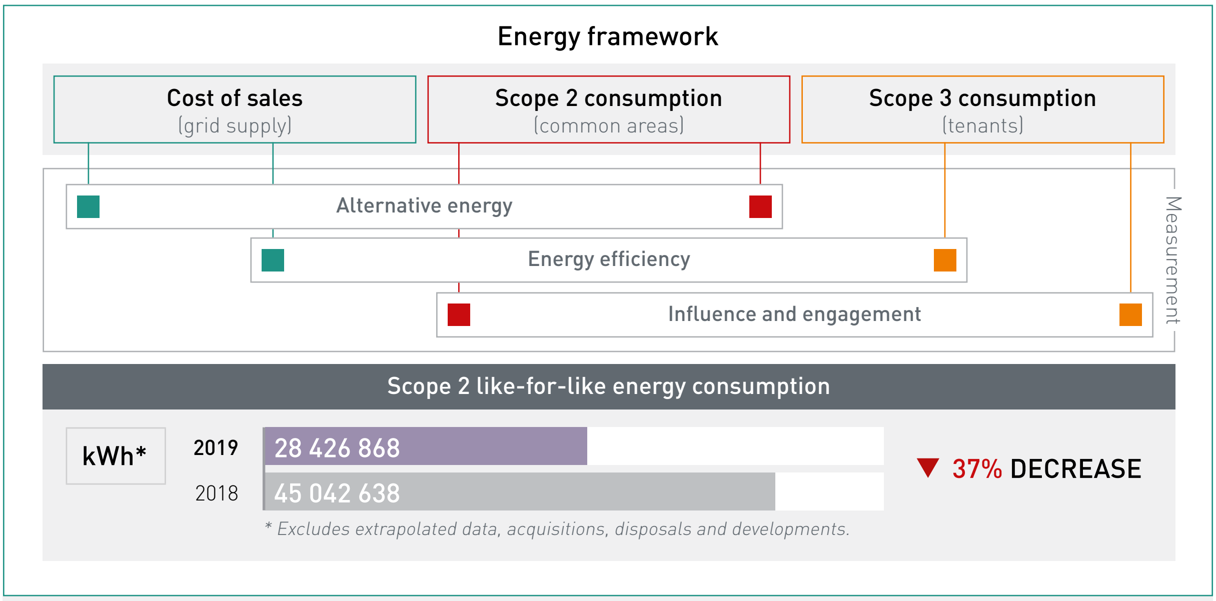
We consistently take action to reduce our impact on the natural environment. This involves embedding responsible environmental practices into our business activities at every level in the organisation.

Our energy strategy

Our energy strategy focuses on three areas, namely reducing our cost of energy and consumption from the national grid, reducing cost and consumption of energy in our common areas (which we have direct control over), and assisting our tenants to reduce the cost and consumption of energy.

Our approach is built on energy efficiency measurements that assist us in identifying the right opportunities to target, and are aimed at reducing energy consumption across all three focus areas. Alternative energy sources, such as our solar PV installations, aim to reduce both our bulk supply and common area usage. Common area consumption is usually only partially recovered and, as such, any initiatives will benefit both Redefine and our tenants. Where possible, we also engage and assist tenants in their energy efficiency endeavours. We are also looking to deploy energy storage solutions, where feasible, to aid in further reductions.

Our engagement efforts are increasingly aimed at addressing tenant consumption.



Alternative energy

The energy market has changed significantly over the last few decades, with the integration of renewable energy becoming more widely adopted. Redefine has invested in solar power as the most cost-effective and environmentally friendly way of generating electricity. In addition, the energy supply in South Africa has experienced a number of interruptions over the past years, increasing the motivation to switch to renewables.

We continue to hold our position as the REIT with the largest solar PV footprint in South Africa, with a total renewable energy capacity of 23.7 MWp, compared to a total installed capacity of 22.4 MWp.

Energy efficiency

The rising cost of electricity in South Africa has significant implications for our business and our tenants. The national utility, Eskom, implemented an average increase to direct consumers of 13% during the year, some municipalities amended tariff rules and structures. This potentially affects our income on electricity recoveries as higher increases may be applied to higher consumption tariffs.

In terms of energy efficiency, we conducted lighting project feasibility studies for 28 buildings across our portfolio during the year. While much has been done to identify opportunities for improved efficiencies, we also continuously consider the business case associated with efficiency initiatives to ensure their long-term sustainability.

During 2019, our energy optimisation projects yielded an annual saving of 3 408 MWh (2018: 7 182 MWh).

Influence and engagement

Our tenants' energy use is the largest contributor to our Scope 3 emissions. We continue to engage with tenants who wish to reduce their energy use through the implementation of various efficiency initiatives. During 2019, we supported tenants in reducing their consumption by investigating energy use patterns, as well as facilitating and providing financial support to implement equipment retrofits. In addition, we continue to engage with tenants on energy performance as part of the Green Star SA certification process, providing guidelines to educate and assist them to make better choices when it comes to retrofitting energy-consuming equipment.

Natural capital continued

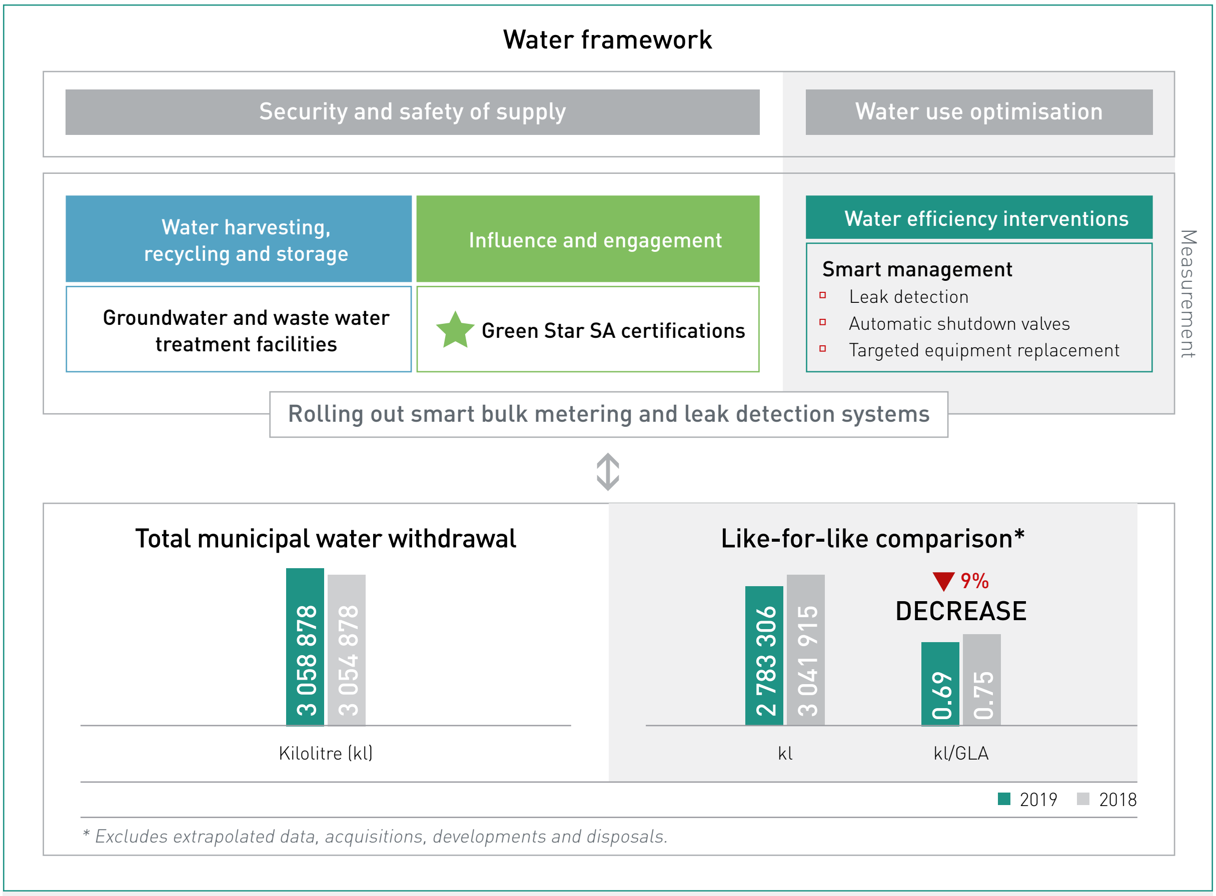
Our water strategy

Our water strategy is centered around two key deliverables, being the security and safety of supply, and the optimisation of our water consumption.

To ensure security of supply, we are continuously looking to implement water harvesting, treatment and storage facilities. One of the challenges we experienced, is the maturity of regulation and requirement for water use licensing to ensure the safety of providing treated water to our buildings.

Water consumption is largely driven by the behaviour of our tenants and visitors to our shopping centres. Green Star certifications are one of the key tools we used to engage with our tenants and influence their water use behaviour. To optimise our water consumption, we developed a smart management approach based on key measurements which allow us to detect leaks early. We also continue to gradually upgrade equipment to more efficient solutions.

In 2019, we managed to reduce our water usage by 9% on a like-for-like basis, largely due to efforts deployed in the Western Cape in response to water scarcity and operational efficiency initiatives.



During 2019, we have increased our measurement efforts to ensure that extraction from groundwater sources such as boreholes is accounted for as part of our withdrawal footprint. In 2019, we extracted 73 577kl from boreholes.

Water use optimisation

We use smart water meters to accurately measure water consumption, detect leaks and gain valuable insight into water distribution in our networks. An analysis of water measurement data from recently installed smart water meters identified a number of properties in which to install smart shutoff valves. During 2018, we piloted an installation at The Boulders Shopping Centre. An additional four smart shutoff valves were installed in 2019 to curb after-hour water use.

Security and safety of supply

We continuously review opportunities to mitigate water security and, as such, have embarked on a portfolio-wide audit of all existing groundwater installations and boreholes. The feasibility of treating groundwater sources to a practical state is similarly being investigated and, pending detailed site investigations and receipt of the required water use license, a pilot project may be rolled out at Park Meadows.

Our waste strategy

Our waste management strategy relies heavily on moving away from municipal waste management services to external waste management services. This does, however, present a challenge, as it directly impacts tenant operating costs and present no direct financial returns for Redefine.

We manage waste externally for 30% (2018: 24%) of our total GLA, of which approximately 35% (2018: 43%) is recycled. Waste streams are dissected and reported on in full detail, per property.

Critical to our waste management strategy is the cooperation of tenants, their employees and visitors. We continuously engage with our tenants, especially through guidelines as set out in Green Star ratings, to influence behaviour through separation at source, product choices and encouraging less waste production.

This is identified as a critical opportunity for us to increase our efforts, as waste management efforts without buy-in and behavioural change are doomed to fail.

We are also actively investigating waste-to-value opportunities, such as repurposing waste into other streams, like producing fertiliser or generating electricity. Currently these solutions are cost-prohibitive, but we are positive that this will change soon.

External waste management → Measure and categorise → Influence behaviour → Reduce production → Increase recycling

OPPORTUNITIES

- Stakeholder engagement to encourage awareness and efforts of occupants and visitors
- Waste re-use opportunities
- Initiatives with incentives

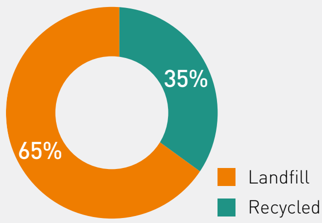
CHALLENGES

- External waste management increases tenant operating costs
- No direct financial return on investment for Redefine

To improve our understanding of waste streams, we conducted waste stream audits at numerous office parks and implemented improved recycling measures with waste management service providers. Recycling efforts remain largely dependent on consumer behaviour, and highlighting the importance of awareness initiatives for our tenants and their customers is imperative.

	2018	2019
EXTERNAL WASTE MANAGEMENT	24%	30%

Waste recycled



Waste stream separation

A	General waste
B	Paper
C	Organic waste
D	Glass
E	Plastic
F	Scrap metal
G	Tetra Pak

Our green building strategy

Green building practices are directly tied to, and benefit our key stakeholders. We continue to evaluate the drivers behind green buildings, and are becoming increasingly aware that Green Star certification often provides a path to address all our key focus areas, while also engaging with key stakeholders on environmental issues.

Currently, the most influential drivers for certification is ensuring sustainable investment and providing better spaces for our tenants. This is further supported by the results of the 2019 MSCI green building index which found, among others, that Green Star buildings have a lower vacancy rate. Most of our certifications are existing building certifications, enabling performance benchmarking of our existing assets.

We continue to pursue certifications with the Green Building Council of South Africa (GBCSA), because we believe it adds value to our buildings for the benefit of all our stakeholders.

Landlords
- Risk management
- Long-term asset value
- Ability to secure finance

Investors
- Sustainable investment
- Risk management
- Long-term value

Tenants
- Lower operating costs
- Health and productivity
- Environmental compliance/performance

Communities
- Spaces that connect people
- Resource conservation
- Healthier environment

Employees
- Productivity
- Health and wellbeing
- Influence behaviour

Suppliers
- Sustainable investment
- Agents for change
- Economic growth

74 Green Star SA certifications (2018: 44)

10	design certifications
4	as-built certifications
58	existing building certifications
1	interior certification
1	custom industrial certification
45%	office GLA

2019	= 45%	of office GLA rated
2018	= 33%	of office GLA rated

Number of Green Star SA certifications

1	×	2 Stars
11	×	3 Stars
53	×	4 Stars
5	×	5 Stars
4	×	6 Stars

Administration

REDEFINE PROPERTIES LIMITED
(Incorporated in the Republic of South Africa)
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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

Thank you

Placing people at the heart of our business

The images in our reporting suite are of our stakeholders, taken in our buildings. They're the faces – the human stories – behind our efforts to live our purpose *of creating and managing spaces in a way that changes lives.*

Printed on RESPECTA 100

The Redefine Properties reporting suite is printed on a coated paper made from 100% post-consumer waste, **Respecta 100**.

This paper has been created to respect the environment.

Shareholders' diary

	Date*
Notice of annual general meeting posted to shareholders	On or before 27 December 2019
Integrated report and annual financial statements available online	On or before 27 December 2019
Annual general meeting	20 February 2020
2020 Half year end	29 February 2020
Summarised interim financial results for 2020	4 May 2020
Interim dividend declaration	4 May 2020
2020 Financial year end	31 August 2020
Summarised annual financial results for 2020	2 November 2020
Final dividend declaration	2 November 2020

** Please note that these dates are subject to alteration.*

Definitions

<IR> framework	International Integrated reporting framework	Kl	Kilolitre
AFS	Annual financial statements	KPA	Key performance area
AGM	Annual general meeting	KPI	Key performance indicator
BBBEE	Broad-based black economic empowerment	kWh	Kilowatt hour
Buskaid	Buskaid Music Academy, a Redefine CSI initiative	LED	Light-emitting diode
Capex	Capital expenditure	LID	Lead independent director
CDP	Formerly called the Carbon Disclosure Project	LTI	Long-term incentive scheme
CEO	Chief executive officer	MOI	Memorandum of Incorporation
CO_2e	Tonnes of carbon dioxide equivalent	MWh	Megawatt hour
Companies Act	Companies Act, No 71 of 2008 (as amended)	MWp	Megawatt peak
CRM	Client relationship management	NAV	Net asset value
CSI/R	Corporate social investment/responsibility	PV	Photovoltaic
DJSI	Dow Jones Sustainability Index	REIT	Real Estate Investment Trust
ED	Executive directors	SA	South Africa
ESG	Environmental, social and governance	SACSC	South African Council of Shopping Centres
GBCSA	Green Building Council of South Africa	SAFMA	South African Facilities Management Association
GLA	Gross lettable area	SARS	South African Revenue Services
GMR	Gross monthly rental	SDGs	Sustainable Development Goals
GRESB	Global Real Estate Sustainability Benchmark	SENS	Stock Exchange News Service
HR	Human resources	SPS	Share Purchase Scheme
IFRS	International Financial Reporting Standards	STI	Short-term incentive scheme
IR	Integrated report	TGP	Total guaranteed package
IT	Information technology	TNAV	Tangible net asset value
JSE	JSE Limited	VAT	Value added tax
King IV	King IV Report on Corporate Governance for South Africa 2016	ZAR	South African rand