2021

Integrated report

Looking BEYOND

REDEFINE PROPERTIES

We're not landlords. We're people.

Guide to our report

Navigating our report

Throughout our reporting suite, icons are used to show the connectivity between sections as well as Redefine's INTEGRATED THINKING. The key icons are outlined on **pages 5 and 6.**

KEY
COVID-19 information

Our theme

Beyond our context...
Beyond our constraints...
Lies opportunity for those bold enough to
Look beyond.

COVID-19 has shown us that we are all connected, and our ability to create value is inextricably linked to the sustainability of the stakeholders we serve. That's why we're committed to **looking beyond** where we are today to the future we want to create.

Our long-term strategy is designed to **move beyond** incremental progress to transformative change – harnessing the power of our business to deliver on our purpose and create a more inclusive, equitable and sustainable world.

Welcome to our 2021 IR

This IR is our opportunity to share our strategic progress to date, as well as how we are transforming our business to ensure we remain relevant beyond where we are today – delivering value and being a force for good in the communities in which we operate.

INTEGRATED THINKING

drives our integrated reporting

Sustained value creation does not happen in isolation. Our approach to embedding INTEGRATED THINKING in our organisation is continuous and takes into account the relationship between the capitals that we use or affect and the potential trade-offs inherent in our strategic choices. We strive to report transparently, reflecting the value we create, preserve and erode. By understanding how these elements interact, we are better able to deliver sustained value for all stakeholders in the short, medium and long term.

For an understanding of our integrated approach to business and value creation, refer to **page 7**.

Redefine is a South African-based Real Estate Investment Trust (REIT). Our primary goal is to grow and improve cash flow to deliver quality earnings, which underpin growth and sustained value creation for all stakeholders.

We are listed on the JSE

We actively manage a **diversified property asset platform** with a value of **R72.9 billion** comprising local and international property assets

We **differentiate ourselves** by placing **people** and **purpose** at the heart of what we do

Our reporting suite

Redefine Properties Limited (Redefine) is committed to reporting openly and honestly to our broad range of stakeholders. Our reporting suite is available on our website, www.redefine.co.za

Our reporting suite is in compliance with and has applied the following frameworks:

- The International Integrated Reporting <IR> Framework
- The Companies Act, No 71 of 2008, as amended (Companies Act)
- JSE Limited (JSE) Listings Requirements
- King IV Report on Corporate Governance™ for South Africa 2016 (King IV™) (copyright and trademarks are owned by the Institute of Directors in South Africa NPC, and all its rights are reserved)
- International Financial Reporting Standards (IFRS)

IR

Integrated report

Our IR is our primary report to our stakeholders. It is structured to show the relationship between the interdependent elements that comprise our value creation story.

AFS

Group and company annual financial statements

Our AFS provide a comprehensive report of the financial performance for the year.

ESG

Environmental, social and governance report

Our ESG report is a detailed account of the group's sustainability performance for the year, and also includes our **remuneration report**, as well as our social, ethics and transformation (SET) committee report.

AGM

Notice of annual general meeting

Our notice of AGM provides supporting information for shareholders to participate in the AGM.

Feedback

Your feedback is important to us and we welcome your input to enhance the quality of our reporting. Please visit www.redefine.co.za or email investorenquiries@redefine.co.za

Park ONE, Century City

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Introduction

We are committed to delivering sustained value to our stakeholders. To do so, we apply **INTEGRATED THINKING** to identify matters that could influence our ability to create value over time.

About our report

As a business dedicated to stakeholder inclusiveness, our reporting suite aims to address stakeholder information needs, with the IR primarily aimed at providers of financial capital. This report provides our stakeholders with an overview of our strategy and performance in the context of a volatile operating environment and shares our plans to position the business for the future as we continue to **look beyond** our current challenges.

Boundary and scope

Our integrated reporting boundary covers the risks, opportunities and outcomes arising from our

			FC MC HC SRC IC NC	
Operating context	Business model, including the affordability and availability of capitals	Strategy	Use of and impact on the six capitals	Stakeholder engagements
Page 51	Page 15	Page 58	Page 7	Page 35

Financial reporting boundary

Aligns with our financial statements reporting boundary and includes:

Subsidiaries	Associates	Joint ventures

We focus exclusively on information about our South African operations as they account for 82.7% of our property asset platform. Non-financial information relates to our South African operations due to their materiality and the degree of management control exercised. The AFS include details of our investments in subsidiaries, associates and joint ventures. In addition to the information in our AFS, we provide a summary of the activities of our unlisted investments in our manufactured capital section. Comprehensive information on our separately listed and managed interest in EPP N.V. (EPP), which accounts for approximately half of our offshore property assets, is provided in their annual report available on their website. We have used the top risks and opportunities arising from our operating context and stakeholder relationships to determine the material matters on which to report.

We primarily report on our progress for Redefine's financial year from 1 September 2020 to 31 August 2021 (FY2021).

Materiality

This report discloses information about matters that substantively affect our ability to create value in the short (18 months), medium (18 months to five years) and long term (five years and beyond). Our materiality process, which is subject to board approval, identifies our key material matters and the collective themes under which they fall. We report back against these themes and matters throughout the report.

How we determine our material matters and themes

Our materiality process — Page 9

▼

Unpacking how these material themes affect us

Our operating context — Page 51

▼

How we respond to our material matters across our six capitals

Value creation — Pages 75 to 123

Outlook

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

Given the uncertain operating context due to COVID-19 and its impact on the economy, we have also highlighted potential uncertainties and our response, where applicable.

Outlook information can be found throughout this report, particularly in the following sections:

	PAGE
Our material matters	9
Our business model	13
Reflections from our chairperson	33
Risks and opportunities	41
Our operating context	51
Chief executive officer's review	55
Performance against our strategy	59
Our trade-offs	65
Chief financial officer's review	69

Forward-looking statements

This report contains forward-looking statements regarding Redefine's future performance and prospects. While these statements represent our judgements and future expectations at the time of preparing this report, several emerging risks, uncertainties and other important factors could materially change the results from our expectations. These may include factors that could adversely affect our business and financial performance.

Board responsibility statement

Redefine's board of directors (board) acknowledges its responsibility to ensure the integrity of the IR. The board, in its opinion and having applied its collective mind to the preparation and presentation of the IR, believes it addresses all material matters and offers a balanced view of Redefine's strategy and how it relates to the organisation's ability to create value in the short, medium and long term. The board believes that the IR adequately addresses Redefine's use of and effects on the capitals and how the availability of these capitals affects Redefine's strategy and business model. The board confirms this IR was prepared in accordance with the International <IR> Framework.

The board is ultimately responsible for the IR, which is prepared under the supervision of senior management and subject to a rigorous internal and external review process. The IR is submitted to the audit committee who reviews its content and the collation process, relying on the assurance provided on the various reporting elements. The committee recommended the report for board approval. **For more detail on the assurance of various reporting elements of this IR, refer to page 30 of the summarised governance report.**

The board approved this report on 10 December 2021.

Board of directors

Sipho M Pityana
Independent non-executive chairperson

Bridgitte Mathews
Lead independent non-executive director

Amanda Dambuza
Independent non-executive director

Andrew König
Chief executive officer (CEO)

Diane Radley
Independent non-executive director

Leon Kok
Chief operating officer (COO)

Lesego Sennelo
Independent non-executive director

Marius Barkhuysen
Independent non-executive director

Nomalizo (Ntombi) Langa-Royds
Independent non-executive director

Ntobeko Nyawo
Chief financial officer (CFO)

Our integrated approach to business and value creation

To achieve our purpose, we must have a robust business model and a responsive and progressive strategy. This requires more than a business-as-usual approach – it requires an integrated approach to value creation.

Our approach to business is driven from a place of purpose

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

Our **vision** is to be the best South African REIT

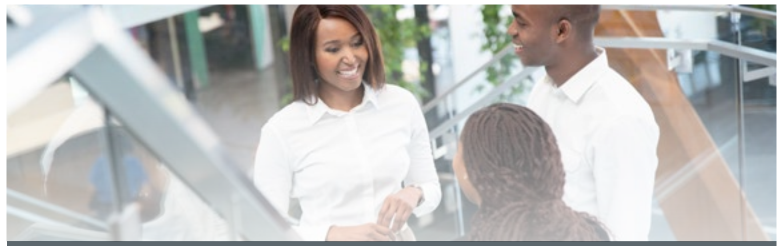
MOONSHOT

In this decade to deliver the smartest and most sustainable spaces the world has ever known

ESG is at the heart of our value creation

ESG extends to every aspect of what we do, as it ensures our long-term business resilience and creates sustainable stakeholder ecosystems.

It informs our strategic decisions and operations – ensuring our choices align with our values and strategic objectives to enable long-term value creation, while ensuring transparency and accountability for our actions.



We‘re not landlords – We’re people

Our relationship-centric approach enables us to create and sustain meaningful value for our stakeholders.

Our **BEST VALUES** are what connects us and guides our behaviour

Property is our commodity and people are our business.

Building a quality, diversified property portfolio, both locally and abroad

We actively manage a diversified local property asset platform comprising retail, office and industrial properties, complemented by retail and logistics property investments in Poland.

We allocate capital where we believe the best market opportunities lie and reduce risk by diversifying our portfolio sectorally and geographically.

CREATING VALUE

Value for us means meeting our stakeholder goals

CREATING VALUE

INTEGRATED THINKING is central to how we make strategic choices. It drives our value creation and informs our integrated reporting.

We create value through following our integrated business approach, delivering on our primary goal and fulfilling our mission.

We assess our context

Operating context Page 51

Global trends and issues such as COVID-19, geopolitical events, socio-economic challenges arising from where we operate, and emerging and existing megatrends determine the environment that informs our value creation process.

Stakeholder relationships Page 35

Our extensive engagement strategies enable us to prioritise what each key stakeholder values most and what value Redefine strives to create from each relationship in return.

Risks and opportunities Page 41

Our business model is the primary lens through which we analyse our operating environment, stakeholder relationships and resource dependency. From this universe, we derive our top-of-mind risks and opportunities that are updated throughout the year.

We consider our material matters Page 9

We take an integrated approach to identify matters that could influence our ability to create value in the short, medium and long term. These matters inform our strategy to manage the risks and maximise the opportunities that present themselves. Collectively, these are grouped into five themes that represent the megatrends we need to consider in our operating context.

Materiality themes Page 10

We integrate our strategy into our business model

Business strategy Page 15

Investing in a long-term asset class, we make strategic choices with lasting outcomes. We have identified five strategic priorities that enable an integrated decision-making approach to creating sustained value for our stakeholders. They are the critical levers that affect our ability to create value in the short, medium and long term.

Strategic priorities

- GR Grow reputation
- IS Invest strategically
- OC Optimise capital
- OE Operate efficiently
- ET Engage talent

Business model Page 15

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

Our **primary goal** is to grow and improve cash flow

Our **mission** is to create sustained value for all our stakeholders

Stakeholder goals Page 35

● Tenants	Provider of differentiated and relevant space
● Investors	Source of sustained growth in total returns
● Employees	Employer of choice
● Funders	Reliable source of returns on debt funding
● Suppliers	Source of business opportunity and growth
● Shoppers	Provider of safe and innovative shopping experience
● Communities	Responsible community participant
● Property brokers	Preferred business partner

We aim to deliver broader societal and environmental value through our commitment to the United Nations Sustainable Development Goals (UN SDGs)

Redefine’s primary UN SDGs Page 58

3, 5, 7, 8, 9, 11, 13, 16

Redefine’s secondary UN SDGs Page 58

4, 6, 10, 12, 17

These areas are underpinned by the six capitals that we use or affect

- FC Financial capital
- MC Manufactured capital
- HC Human capital
- SRC Social and relationship capital
- IC Intellectual capital
- NC Natural capital

Throughout this report, we have highlighted the relevant UN SDGs to which the content relates by using an icon alongside. For more detail, please refer to our ESG report.

Our material matters

We apply INTEGRATED THINKING to identify matters that could influence our ability to create value over time. These matters inform our strategy to manage risks and maximise opportunities that present themselves.

Our materiality process – defining what matters most

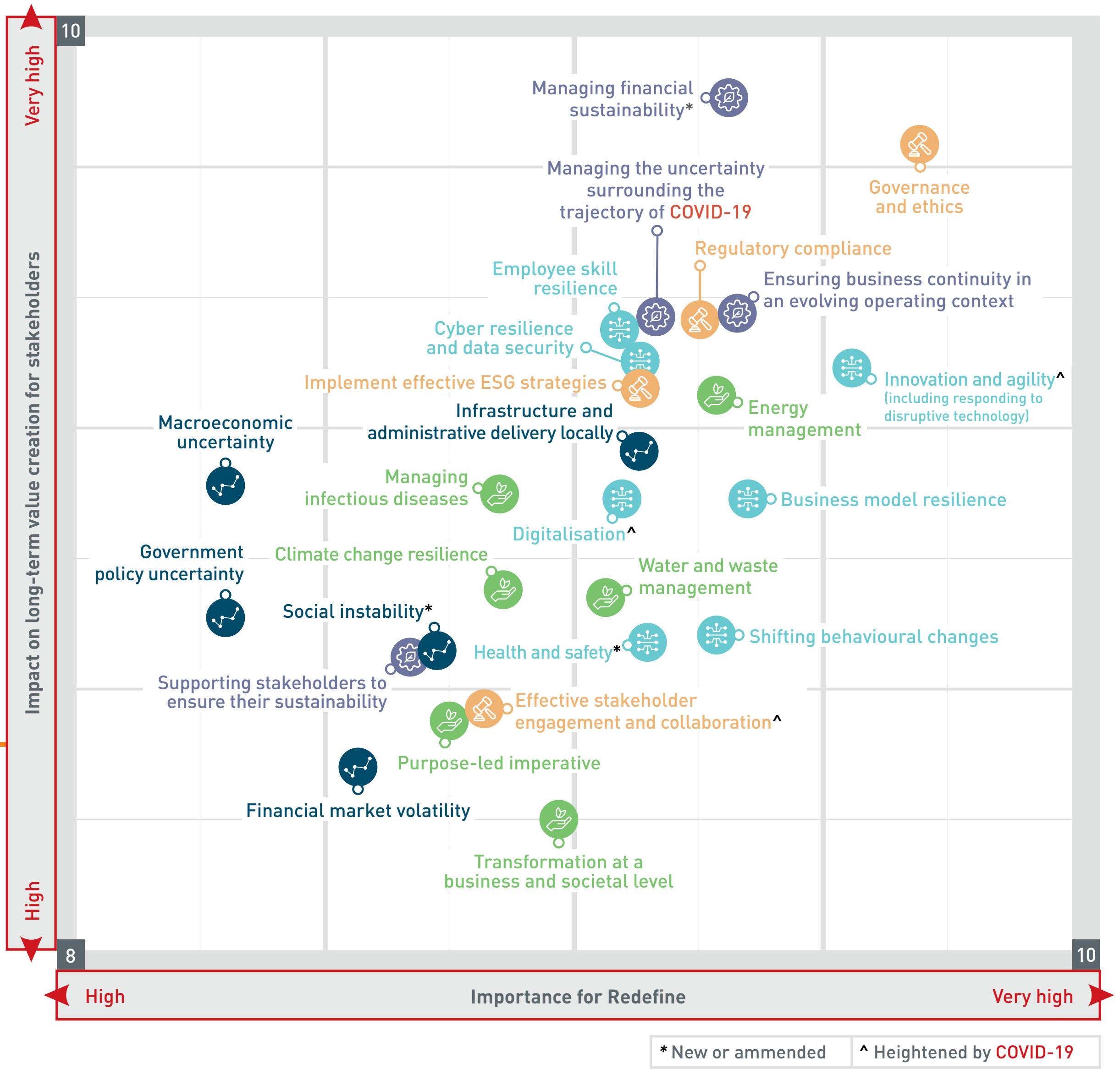
Understanding the matters that affect our value creation, using the following process

	Identify	Prioritise	Integrate
Inputs	→ Industry and market trends in South Africa and Poland → Global research reports → Internal documentation, including board packs and risk registers → Internal interviews → External stakeholder engagement → UN SDGs	→ Senior management deliberation and impact analysis on each capital → Consider resources required and availability thereof → Approval from appropriate governance structures	→ Board-determined strategic direction → Setting and allocation targets and key performance indicators (KPIs) → Remuneration based on KPIs derived from strategy
Process	We analyse our business context, operating environment, the resources we rely on, and the internal and external feedback received from our stakeholders to assess matters that could have financial, reputational, operational, environmental, social, strategic or legislative significance. We consider those matters that could affect our business in the short, medium and long term, and actual events that have occurred.	We use the outcomes of this analysis and the key risks and opportunities identified to prioritise matters that are most material to our ability to create sustained value over time. Our prioritisation process blends technological advancements and human potential by leveraging online tools and in-person workshops. Based on the material impacts identified, we create our risk and opportunity register that we update throughout the year. To ensure further rigour, we undertake an externally facilitated materiality review when necessary.	We integrate our material matters into our strategy by contextualising them into five strategic priorities that guide our integrated approach to strategic choices. Performance against the strategy is tracked by setting clearly identified key performance areas (KPAs) and KPIs cascaded throughout the business to deliver on our strategic priorities.

Our materiality themes – the outcomes of our materiality process

Following the prioritisation of our material matters, we identified five megatrends (global macro-forces that could potentially transform our business) that stood out as the broader themes under which our material matters could be classified. COVID-19 has intensified and accelerated trends that were already in motion.

- Uncertain geopolitical and socio-economic growth factors
- The evolving role of business in creating a prosperous and sustainable society
- Business model adaptability to the rapidly evolving context
- Heightened demands on governance and regulatory context
- Managing for sustainability



Refer to our operating context on **page 51** for more information on our materiality themes and value creation section starting on **page 75** for more information on our material matters.

Centurion Mall, Centurion

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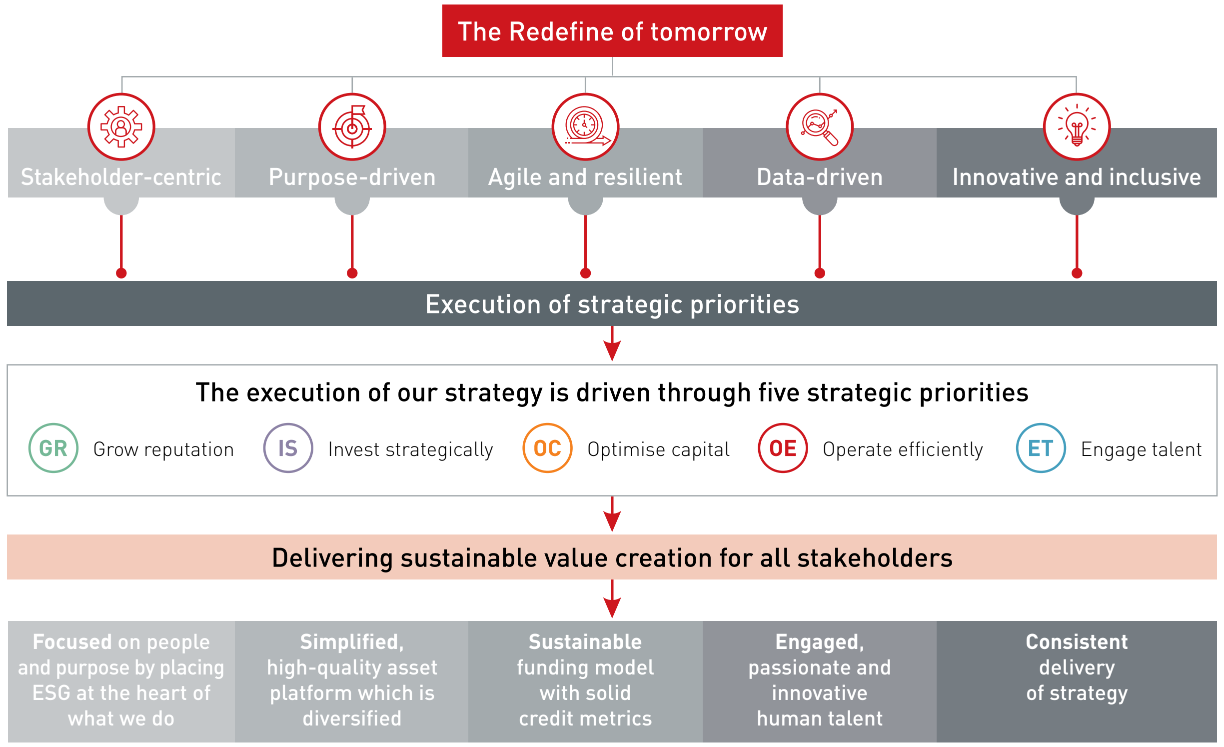
Who we are

Property is our commodity and people are our business. We embrace a people-centric and stakeholder-inclusive approach to create value.

Overview of our business

How we operate



The Redefine of tomorrow

Stakeholder-centric | Purpose-driven | Agile and resilient | Data-driven | Innovative and inclusive

Execution of strategic priorities

The execution of our strategy is driven through five strategic priorities

GR Grow reputation
IS Invest strategically
OC Optimise capital
OE Operate efficiently
ET Engage talent

Delivering sustainable value creation for all stakeholders

Focused on people and purpose by placing ESG at the heart of what we do

Simplified, high-quality asset platform which is diversified

Sustainable funding model with solid credit metrics

Engaged, passionate and innovative human talent

Consistent delivery of strategy

How we approach our business

Our purpose and values inform all aspects of what we do, including how and why we engage with our stakeholders, how we consider investment opportunities, and how we make choices to ensure long-term business sustainability.

Inclusive relationships	How we invest	Embedding ESG into all aspects of what we do
Our unique and focused approach to relationships enables us to create and sustain meaningful value for our stakeholders and improve stakeholder confidence. We continue to better our understanding of our stakeholders' needs, ensuring their impact on us and our impact on them create sustained value.	We invest in well-located, high-quality and efficient local and international properties, focusing on blue-chip tenants to secure sustained cash flow. We continuously monitor for geographical concentration risk within the portfolio.	ESG promotes our long-term business resilience and drives transparency and accountability for our actions. It infuses our strategic decisions and informs operational plans. We continue to embed environmental and social targets into our business approach and operations and are committed to having a positive impact across our primary UN SDGs.

Our investments aim to deliver sustained income and capital growth, focusing on attracting and retaining tenants to secure rental growth, maintain operating margins, optimise the use of natural resources, and improve cash flow.

Refer to **pages 58 to 64** for more strategy-related information.

Where we operate

Redefine is a diversified REIT with deep exposure to South Africa and growth prospects in Poland

As a long-term asset class, we believe our diversification reduces cyclical and geographical risk and exposes us to lower risk markets, opportunities and hard currency.

We actively manage our property asset platform to ensure an adequately diversified, high-quality portfolio, which aims to mirror the South African property landscape and is positioned for predictable organic growth.

Our Polish asset platform provides us with access to attractive growth prospects in hard currency.

South Africa

A sizable, high-quality portfolio, well-diversified across the retail, office and industrial sectors with regional exposure and prominence in the country's key economic nodes.

272 properties

4.3 million m² gross lettable area (GLA)

444 permanent employees

Carrying value: **R60.3 billion**

We will continue improving, expanding and protecting our South African portfolio to drive organic growth.

International portfolio*

Our core international exposure is focused on Polish retail and logistics. This provides diversification in an economically stable and hard currency market. Our two key investments in Poland are:

A **45.4%** interest in EPP – the largest owner of retail assets in Poland with **1.2** million m² of GLA

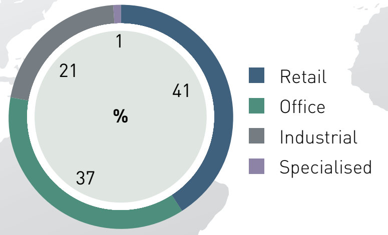
A **46.5%** interest in European Logistics Investment (ELI) with **689 259** m² GLA

Carrying value: **R10.5 billion**

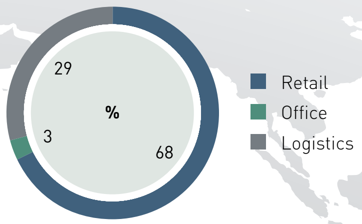
We will unlock value through active asset management and development opportunities in Poland.

We are currently exiting our exposure to the Australian and African markets

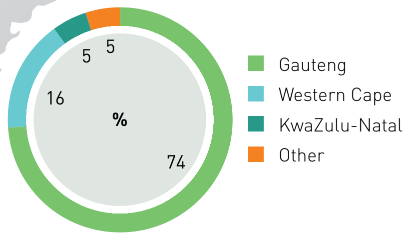
Sectoral diversification by value



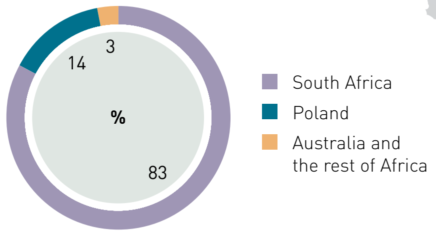
Sectoral diversification by value



South African regional diversification by value



Property asset split



Refer to manufactured capital on **pages 81 to 94** for more information on our portfolio and market trends.

Our business model

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

Our inputs* The resources and relationships on which we rely

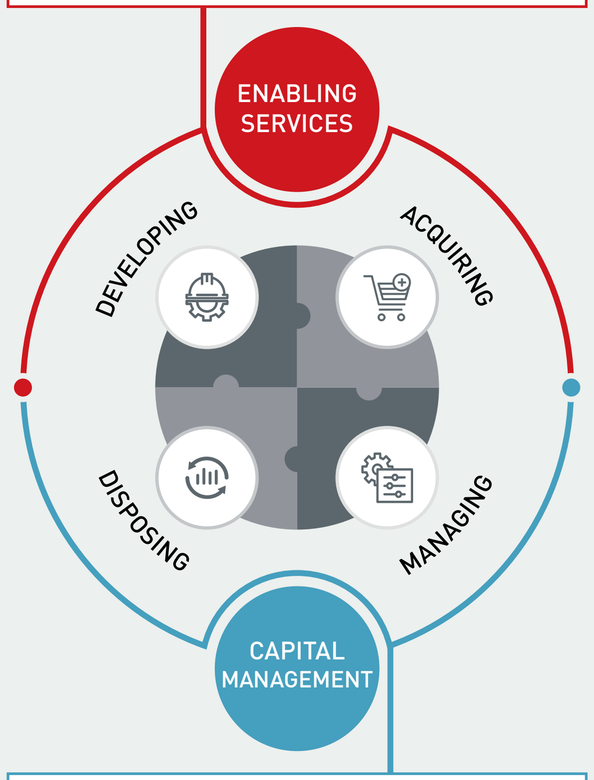
		Availability, quality and affordability of capitals
FC	**R44.6 billion** in equity (2020: R44.6 billion) **R30.7 billion** in debt (2020: R36.7 billion)	**Operating in a capital-constrained and costly environment** requires prudent financial position management and careful liquidity planning.
MC	R60.3 billion direct local property portfolio (2020: R65.4 billion) R6.5 billion in international listed securities (2020: R7.3 billion) R6.1 billion in directly held international properties (2020: R8.3 billion)	**The high level of competition for quality assets** combined with shifting consumer preferences due to COVID-19 necessitates a strategic approach to sectoral diversification and exploring alternative uses for existing property and asset classes.
HC	444 permanent property and financial professionals (2020: 445) 55 temporary employees (2020: 47)	**A shortage of experienced property skills and talent** requires a focus on growing talent and retaining our high performers in a competitive market. As the pandemic continues; our people face challenges such as isolation, stress and COVID-19 burnout. To address this, we actively enhance our human capital through initiatives such as increased engagements, pulse surveys and our employee wellness programme (EWP).
SRC	Deepen communication and collaboration to strengthen relationships with our key stakeholders: ○ Tenants ○ Investors ○ Employees ○ Funders ○ Suppliers ○ Shoppers ○ Communities ○ Property brokers	A low trust environment coupled with high levels of social unrest result in businesses needing to demonstrate **behaviour that progressively earns trust**, which can be easily lost if not carefully managed. Refer to our stakeholder reporting on **pages 35 to 40**, and in our ESG report, for more detail on these inputs.
IC	Integrated strategy Strong brand Innovative thinking and ability to adapt to change Robust governance structures centred on ethical conduct 100 registered trademarks (2020: 100)	In a fast-paced and competitive environment, intellectual capital that sets companies apart is a scare resource. The generation and implementation of innovative ideas is a differentiator. This requires an increased **focus on innovation and agility** throughout our business.
NC	2.35 million litres of water used (2020: 2.6 million litres) 526 680 MWh of electricity used (2020: 560 386 MWh) 17% of properties by GLA located in high/extremely high flood risk areas (2020: 17%)**	**Cost and availability of water and electricity** continue to support the business case for resource-efficient buildings.

Our business activities are geared to ensure we secure long-term leases with blue-chip tenants to provide sustained value creation for all our stakeholders. We are committed to monitoring and improving the ESG-related impacts of our business activities and investment decisions.

Our business activities What we do

Property life cycle

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



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

We actively manage our diversified portfolio to enhance efficiency and aim to deliver risk-adjusted returns.

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

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

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

OUR WASTE AND EMISSIONS

▲ Total greenhouse gas (GHG) emissions of **566 241 tCO_2e** (2020: 581 283 tCO_2e)

▲ **7 071 tonnes** of waste generated from internally managed waste at **39%** of our properties by GLA (2020: 8 689 tonnes for 39% of GLA)

Our outputs What we produce

OUR PRODUCT

Quality real estate investments that add value to society and deliver sustained cash flow

Total portfolio GLA of 4.3 million m²
(2020: 4.4 million m²)

Refer to pages 17 and 18 for a discussion on what value means for our stakeholders, as well as how we strive to enhance our positive outcomes and ameliorate our negative outcomes. More information available in our value creation section, starting on page 75.

Redefine's core output is quality real estate investments. Through our business activities of acquiring, managing, developing and sometimes disposing of these properties to recycle capital, we aim to create value across our capitals, while recognising that some capitals are negatively affected through this process, despite our best efforts.

Acquiring and disposing	Acquiring properties diminishes our financial capital but increases our manufactured capital. When we sell our properties, the converse is true. In both activities, we rely on our intellectual and human capital to effectively manage the process of creating and retaining as much overall value for us and our stakeholders as possible.	FC	- *and* +
		MC	- *and* +
		HC	+
Managing and developing	Managing our portfolio requires human and intellectual capital to build stakeholder relationships, retain tenants, and drive mechanisms to increase our efficiency. Our inclusive stakeholder approach internally and externally increases human and social and relationship capital. Redefine's cost efficiency optimisation increases our financial capital. Our environmental efficiency activities require financial capital to install but reduce our inherent impact on natural capital. Collectively, these efforts result in better buildings and improved tenant retention, which sustain our financial capital. Developing properties diminishes our financial capital but increases our manufactured capital.	FC	+
		SRC	+
		HC	+
		NC	-
		IC	+
		MC	+

+ Net increase in value
- Net erosion of value
= Net preservation of value

Our outcomes

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*For the quantification of our inputs, we have used closing year end balances for consistency

**Using the World Resource Institute's aqueduct riverine and coastal flood risk map

Our business model

CONTINUED

We believe we have created value if we have delivered on our stakeholder goals.

Our outcomes

How we create, erode and preserve value for our stakeholders

Tenants

Net impact on the capitals: FC − MC − SRC + NC −

Our financial support of tenants and adaptability to their needs over the past two years have been at the cost of our financial capital but aims to secure their long-term tenancy and sustainability. This also builds our social and relationship capital. Our efforts to innovatively use data and technology and our environmentally efficient practices improve their business continuity and overall resource efficiency.

Provider of differentiated and relevant space

▼	**90.5%** tenant retention by gross monthly rental (GMR) (2020: 90.8%)
▲	**R60.7 million** granted in net rental relief and concessions (2020: R318.3 million)
▲	Occupancy rate improved to **92.9%** (2020: 92.7%)
▲	Increased number of Green Star SA certified buildings to **123** (2020: 101)
▲	**26.3 MWp** of renewable energy capacity (2020: 25.9 MWp)
▼	**4.3 million m²** GLA space provided (2020: 4.4 million m²)

Actions to enhance outcomes

- → Respond to systemic behaviour changes to shape how we will live, work and play
  - Renewed focus on relevance of space offering
  - Cooperate with tenants to optimise space utilisation
- → Protect value of property assets through selective capital deployment
- → Proactive utilities management
- → Minimise environmental impact for future generations
  - Continue to better understand our impact
  - Expand investment in solar photovoltaic (PV) plants and smart meters

Investors and funders

Net impact on the capitals: FC − SRC +

Our aim to provide sustained growth in capital and dividends was hampered by the operating context, but efforts to streamline our investment property asset platform to lower our loan-to-value (LTV) and improve our financial position will restore this value so that we can deliver positive, risk-adjusted returns in the medium to long term.

Source of sustained growth in total returns

reliable source of returns on debt funding

▲	**52.9 cents** full-year distributable income per share (2020: 51.5 cents)
▲	**R44 million** reduction in non-recurring distributable income (2020: reduction of R267 million)
▲	**41.6%** LTV ratio (2020: 47.9%)
▲	**11.1%** total return to shareholders (2020: -18.8%)
■	Moody's credit **rating maintained** in line with the sovereign rating downgrade (2020: downgraded to Ba2)

Actions to enhance outcomes

- → Continue engaging with funders and investors
- → Conclude our LTV reduction plan
  - Dispose of non-core assets (largely complete)
  - Optimise our funding model and sources
- → Focus efficiencies to support value creation
  - Harness technology as an enabler

Employees

Net impact on the capitals: FC − HC + SRC +

Retaining jobs and ensuring ongoing professional development in a constrained resource environment continue to sustain our human capital, which, in turn, is critical to our operational efficiency and social and relationship capital.

Employer of choice

▲	**R242.5 million** annual employee remuneration (2020: R202.2 million)
▲	**18 672** man-hours invested in training and development (2020: 13 172 man-hours)
■	No salary increases for FY2021 for employees earning over R200 000 and no short-term incentives (STIs) awarded for FY2020
▼	**17.7%** total employee turnover (2020: 14.9%)
▲	Employee complement increased by **1.4%** (2020: 1.7%)
▲	**294** learners have graduated since 2013 (2020: 244) Voted a top employer – unchanged in both years

Actions to enhance outcomes

- → Build a resilient workforce
  - Promote employees' health and safety
  - Increase engagement
  - Provide employees with the necessary resources and support to remain resilient and productive as we adapt to the new normal
  - Promote employee wellness offering
  - Continue to roll out learning and development
- → Optimised productivity by embracing remote and flexible working policies while maintaining a balance of innovation
- → Focus on inclusion and embedding diversity into our culture

KEY

▲ Positive | ▼ Negative | ■ Unchanged | + Net increase in value | − Net erosion of value | = Net preservation of value

Suppliers and property brokers

Suppliers' net impact on the capitals: FC − SRC +

Property brokers' net impact on the capitals: FC + SRC +

We continuously aim to increase our social and relationship capital by inclusively engaging with and supporting our brokers and suppliers. In turn, they continue attracting quality tenants to our spaces and delivering relevant services, affecting our financial capital.

Source of business opportunity and growth

Preferred business partner

■	Maintained ethical standards through the implementation of a supplier code of conduct
▲	**112%** of procurement spend went towards empowering suppliers (2020: 100%) on total measured procurement spend
▼	**R272.5 million** spent on supplier development (2020: R540 million)
▲	**R60.6 million** spent on enterprise development (2020: R54 million)
▼	**21.7%** leasing deals facilitated by brokers by number of deals (2020: 23.2%)
▲	**R18 million** paid out in commission to brokers (2020: R8 million)

Actions to enhance outcomes

Suppliers

- → Engage with suppliers regarding our ESG goals
- → Support suppliers during future lockdowns
- → Work with suppliers to grow their businesses, particularly in enterprise and supplier development (ESD)

Property brokers

- → Improve broker engagement and relationships
- → Consider enhanced technology to share the latest information about our spaces
- → Work with our brokers to ensure our spaces remain relevant

Shoppers

Net impact on the capitals: SRC + NC − FC +

We believe that creating safe spaces for our shoppers is critical. That's why we continue to implement the highest levels of health, safety and security standards. We strive to differentiate our retail offering through these initiatives, innovative centre offerings, and achieving the optimal tenant mix.

Provider of safe and innovative shopping experience

▲	Trading density has increased from R28 000/m² to **R30 200/m²**
▲	Introduction of centres offering **click and collect** facilities
▲	New retail lease deals of **105 862m²** concluded (2020: 97 198m²)
▼	Footfall decrease of **1.9%** (2020: 15.8%)
▲	Tenant turnover increase of **7.8%** (2020: -6.4%)
▲	Mall safety (wellness and physical) improved

Actions to enhance outcomes

- → Respond to systemic behaviour changes to shape how we will live, work and play
- → Renewed focus on relevance of space offering
- → Enhance security at all centres
- → Ongoing investment in safety protocols

Communities

Net impact on the capitals: IC + SRC + FC −

Sound community relationships are key to our social licence to operate. By supporting community programmes and engagements in 2021, we continue building social and relationship capital.

Responsible community participant

▲	**R9.5 million** contribution to community engagement through corporate social investment (CSI) initiatives (2020: R5.2 million) and space to the value of **R1.6 million** (2020: R3.9 million)
▲	**R3.1 million** invested in CSI programmes based on ***Challenge Convention*** feedback (2020: R2.5 million)
▲	**1 657** mentees matched with mentors in ***The Mentorship Challenge*** (2020: 1 579)
▲	**Level 1** broad-based black economic empowerment (BBBEE) rating (2020: level 3)

Actions to enhance outcomes

- → Deepen communication to better understand needs
- → Focus on improving lives by creating:
  - Business opportunities for local enterprises
  - Jobs for unemployed youth and other community members
  - Collaboration with non-governmental organisations
  - Increased local skills capacity
  - Investment in CSI initiatives

Our board of directors

The diversity and experience of our board underpins our ability to navigate the ever-changing operating context.

Independent non-executive directors


● NOM REM IC

Sipho M Pityana (62)

Independent non-executive chairperson

BA (Hons) and MSc

Appointed: May 2019


● REM AC NOM SET

Bridgitte Mathews (52)

Lead independent non-executive director

CA(SA), HDip Tax

Appointed: February 2017

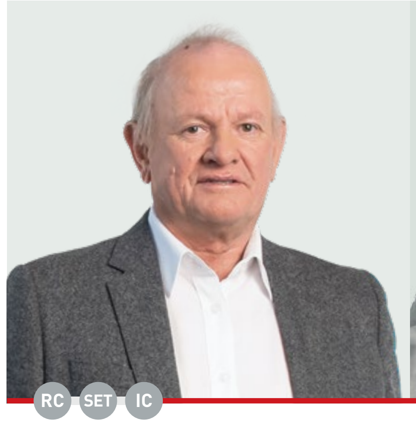

RC NOM SET

Amanda Dambuza (43)

Independent non-executive director

BSocSci, certified PMP®, PRINCE2®, AGILE and ITILL

Appointed: November 2018


RC SET IC

Marius Barkhuysen (65)

Independent non-executive director

Appointed: November 2015


● SET REM NOM

Ntombi Langa-Royds (59)

Independent non-executive director

BA Law, LLB

Appointed: November 2015

Committees

AC Audit committee

RC Risk, compliance and technology committee

REM Remuneration committee

NOM Nomination and governance committee

SET Social, ethics and transformation committee

IC Investment committee

● Chairperson of the committee


● IC ● AC RC

Diane Radley (55)

Independent non-executive director

CA(SA), MBA, PGD in Advanced Banking and Advanced Management Programme

Appointed: July 2020


● RC AC IC

Lesego Sennelo (44)

Independent non-executive director

CA(SA), HDip Auditing

Appointed: November 2018

Expertise

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

Executive directors

Andrew König (54)

CEO

CA(SA)

Appointed: January 2011

Leon Kok (50)

COO

CA(SA)

Appointed: October 2014

Ntobeko Nyawo (39)

CFO

CA(SA)

Appointed: February 2021

Summarised governance report

Value-creating governance

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

Appropriate governance structures and processes ensure that our business is well-managed and effectively controlled. Redefine has a rigorous and inclusive strategy review process that considers the risks and opportunities connected to the broader context in which we operate. The governance processes in place enable us to deliver against this strategy to create value for the company and our stakeholders – **now and into the future**.

The board has adopted a stakeholder-inclusive approach in the execution of its governance role and responsibilities and is guided continuously by its commitment to the principles of King IV™. Effective governance processes are substantially entrenched in the board's internal controls, policies, terms of reference and overall procedures and processes. **For more information on how we have applied the principles of King IV™, see our ESG report.**

Structures of delegation provide for the assignment of authority, while enabling the board to retain effective control. Therefore, the board delegates authority to relevant board committees and to the CEO, with clearly defined mandates. The CEO and company secretary monitor and maintain the delegations of authority and ensure that they are reviewed regularly. **For more information on these structures, see page 26.**

We have developed a mindful governance framework to help us maintain and achieve ethical and effective leadership at all times. This framework considers all applicable laws, regulations and governance best practices.

Preserving value during COVID-19

As a result of COVID-19, the company faced a number of challenges to its business model, governance systems and financial viability in 2021. As a result, and to preserve value, the board chose to focus its immediate attention on, among others:

- → Reducing balance sheet risk
- → Restoring dividend payments
- → Embracing ESG
- → Ensuring employees remained engaged and well
- → Enhancing our remuneration practices

The key decisions made by the board in response to these focus areas are set out in the mindful governance section on **pages 21 to 30** as well as in the trade-offs section on **pages 65 to 66**. All decisions were grounded in a broader evaluation of value preservation and long-term sustainability and were guided by Redefine's purpose and values.

Key corporate governance practices

The following key corporate governance practices are in place.

☑ All non-executive directors are independent
☑ Annual election of a minimum of one third of directors by majority voting
☑ No supermajority provisions in governing documents
☑ Annual review of board leadership structure
☑ Annual board and committee evaluations
☑ Lead independent director with clearly delineated duties
☑ Board-approved policy on independent professional advice
☑ Safeguards in place to monitor transactions between the company and its major shareholders
☑ Proactive year-round stakeholder engagement programme
☑ Approved malus and clawback policy in place
☑ Minimum shareholding requirements and post-vesting holding periods for executives
☑ Director overboarding policy and provisions
☑ No voting rights ceilings
☑ Shareholder right to call special meetings
☑ Related-party transactions monitored and transparently disclosed in the AFS
☑ The Memorandum of Incorporation (MOI) includes provisions on the protection of shareholder rights and the equitable treatment of shareholders

Board composition

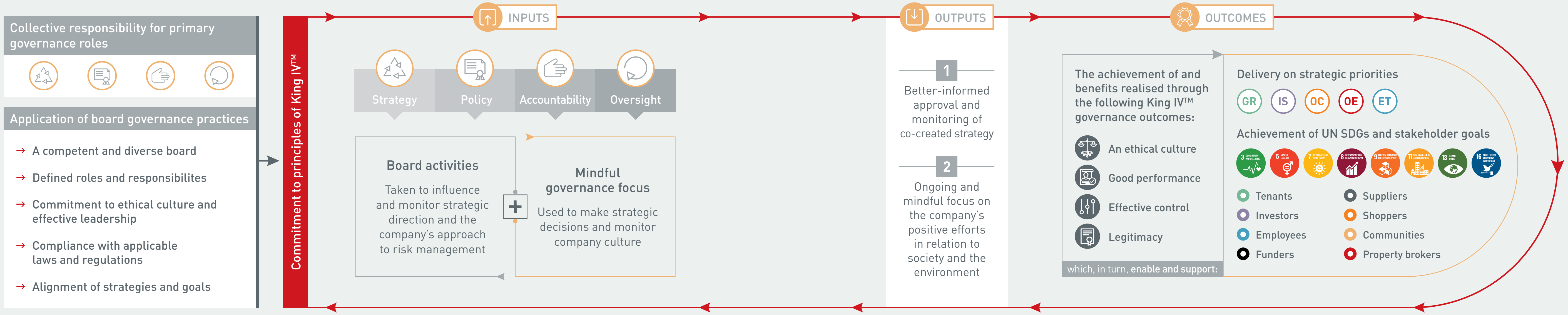
During the year, **Leon Kok** assumed the role of COO, following David Rice's official retirement on 31 August 2020. David continued as a contractor in the COO role while the recruitment process for a new CFO was underway. Leon continued in his role as CFO until our new CFO, **Ntobeko Nyawo**, assumed the position on 1 February 2021. Following these changes to the board, we believe that we have the right team to lead the business into the future.

During November, Daisy Naidoo resigned from the board. The board thanks her for her contribution and wishes her well in her future endeavours. The board will consider recruiting another independent non-executive director in due course.

The board makes use of a competency matrix to support director recruitment and succession planning. Such matrix reflects diversity that extends beyond race and gender. Information regarding the diversity of our board is set out on **page 24**.

The board diversity policy is available on our website

Anda Matwa was appointed as company secretary on 1 December 2021. Thembikhile Dube fulfilled the role of acting company secretary from 1 April 2021, following Bronwyn Bakers' resignation.



Collective responsibility for primary governance roles

Application of board governance practices

- → A competent and diverse board
- → Defined roles and responsibilites
- → Commitment to ethical culture and effective leadership
- → Compliance with applicable laws and regulations
- → Alignment of strategies and goals

Commitment to principles of King IV™

INPUTS

Strategy | Policy | Accountability | Oversight

Board activities

Taken to influence and monitor strategic direction and the company's approach to risk management

Mindful governance focus

Used to make strategic decisions and monitor company culture

OUTPUTS

1 Better-informed approval and monitoring of co-created strategy

2 Ongoing and mindful focus on the company's positive efforts in relation to society and the environment

OUTCOMES

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

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

which, in turn, **enable and support:**

Delivery on strategic priorities

GR IS OC OE ET

Achievement of UN SDGs and stakeholder goals

- ○ Tenants
- ○ Investors
- ○ Employees
- ○ Funders
- ○ Suppliers
- ○ Shoppers
- ○ Communities
- ○ Property brokers

Summarised governance report

CONTINUED

Custodians of governance

Board members are the custodians of governance within the group. The board is constituted in terms of the company's MOI and in line with King IV™. The majority of board members are independent non-executive directors who bring diversity to board deliberations and create sustained value by constructively challenging management. **The table below and the diversity statistics on page 24 reflect the board's composition as at the date of this report.**

	Name Shareholding	Designation Other public company appointments	AC	RC	REM	NOM	SET	IC
Independent non-executive directors	**SM Pityana** Nil	**Independent non-executive chairperson** None			○	●		○
	B Mathews* Nil	**Lead independent non-executive director** Metair Limited, PSG Financial Services Limited, PSG Group Limited	○		●	○	○	
	M Barkhuysen 120 000#	**Independent non-executive director** None		○			○	○
	A Dambuza* Nil	**Independent non-executive director** None		○		○	○	
	N Langa-Royds* Nil	**Independent non-executive director** Kumba Iron Ore Limited, Mpact Limited, Murray & Roberts Holdings Limited			○	○	●	
	D Radley Nil	**Independent non-executive director** Base Resources Limited, Murray & Roberts Holdings Limited, Transaction Capital Limited, Network International plc	●	○				●
	L Sennelo Nil	**Independent non-executive director** Nampak Limited, Oceana Group Limited, Onelogix Group Limited	○	●				○
Executive directors	**A König*** 6 436 035#	**CEO** EPP N.V.						
	N Nyawo Nil	**CFO** None						
	L Kok 3 085 047#	**COO** None						
Company secretary	**A Matwa** Nil	**Company secretary** None						

● Committee chairperson ○ Committee member

The board understands that while the duties of board members are increasing given the impact of data and technology transformation, business disruption and increased expectations around shareholder engagement, directors who sit on multiple boards simultaneously offer a broad perspective on current issues affecting boards.

The board's policy on external directorships held by members of the board mandates the nomination and governance committee (Nom) to make judgements on whether directors are over-committed. This ensures the ability of directors to execute their fiduciary duties and to apply their minds to the business and interests of Redefine.

The policy is applied when considering candidates for appointment to the board and evaluating the performance and capacity of current members and overall effectiveness of the board.

In terms of the policy, it is preferred that the chairperson sit on no more than three listed company boards, inclusive of the Redefine board. Regarding non-executive directors, it is preferred that they sit on no more than five listed company boards, inclusive of the Redefine board.

For the purpose of calculating the limits in the policy, an independent board chairperson role counts as two board member roles (on a listed company) due to the extra complexity, oversight and time commitment that it entails. The non-executive directors may not hold full-time employment as a member of executive management on another listed company, whether permanent or temporary.

An executive director or prescribed officer who is a member of the board may not sit on the board of any other company (listed or unlisted) as a non-executive director, except for Redefine subsidiaries or investee companies where appropriate.

Attendance

Board and committee meetings were held quarterly, in line with the group's financial reporting cycle, and risk and strategy workshops were held in June. In addition, *ad hoc* meetings were held for certain committees. All directors attended 100% of the meetings of the board and the committees on which they served in 2021.

**Standing for election/re-election at the company's AGM in February 2022*

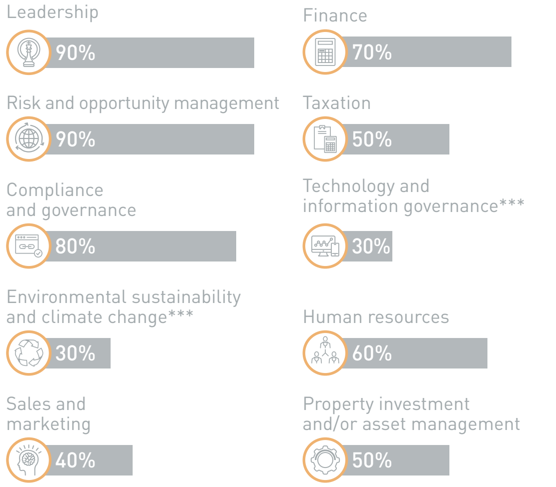
#As at 31 August 2021

Our competent and diverse board

Our board comprises an appropriate balance of knowledge, skills, experience, diversity and independence to objectively and effectively discharge its governance role and responsibilities. Our directors' primary areas of expertise are highlighted in the graphic below. This is intended as a high-level summary only and should not be understood as an exhaustive list of each of the director's skills or contributions to our board*.

Diversity of expertise

POLICY: To create an experienced board with the appropriate balance of knowledge and skills in areas relevant to the group. The following areas of expertise are relevant to Redefine**:



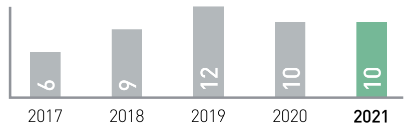
Independence

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

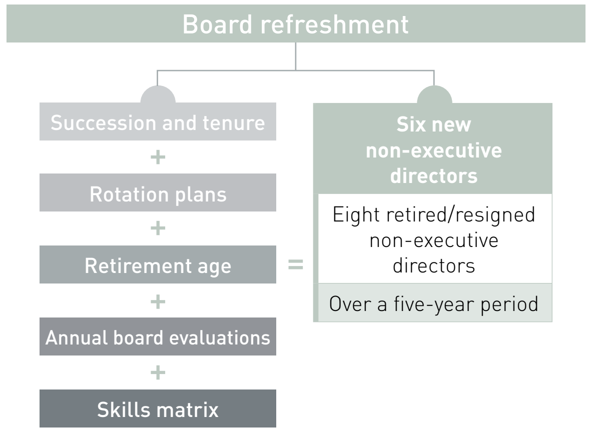
100%
non-executives are independent

Board size

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

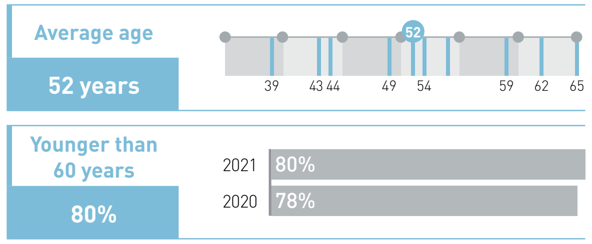


Board refreshment



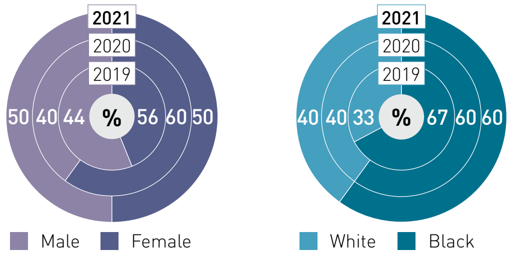
Diversity of age

POLICY: Executive directors are required to retire from the board at age 65 and non-executive directors are required to retire at age 70. Executive directors are subject to three-month notice periods.



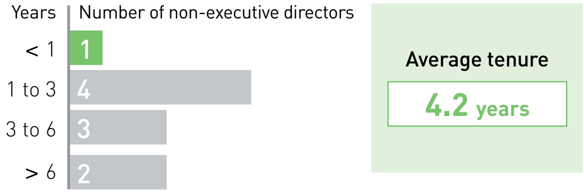
Gender and racial diversity

POLICY: Our board diversity policy promotes a voluntary target of 40% female representation on the board over a three-year period, and the racial diversity policy promotes a voluntary target of 50% black representation on the board over the same period.



Succession and diversity of tenure

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



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

**Statistics reflected are of the current board composition*

***Percentage directors with requisite skills*

****Skills gaps identified*

Summarised governance report

CONTINUED

Defined roles and responsibilities

We believe that an independent board leads effectively by focusing on strategy, policy, oversight and accountability and ensuring that delineations between the roles of directors and management are always in place. **Sipho M Pityana**, the independent non-executive chairperson, leads the board. **Bridgitte Mathews**, the lead independent non-executive director, strengthens the independence of the board and leads in the absence of the chairperson.

The role of the chairperson is distinct and separate from that of the CEO. The separation of responsibilities is designed to ensure that no single person has unfettered decision-making powers and that appropriate balances of power and authority exist on the board. Three members of executive management, namely the CEO, the CFO and the COO, serve on the board to ensure that non-executive directors have more than one point of direct interaction with management at all times.

During 2021, more frequent interaction was required between the board and management. The non-executive directors maintained their independence in discharging their duties.

Ethical and effective leadership

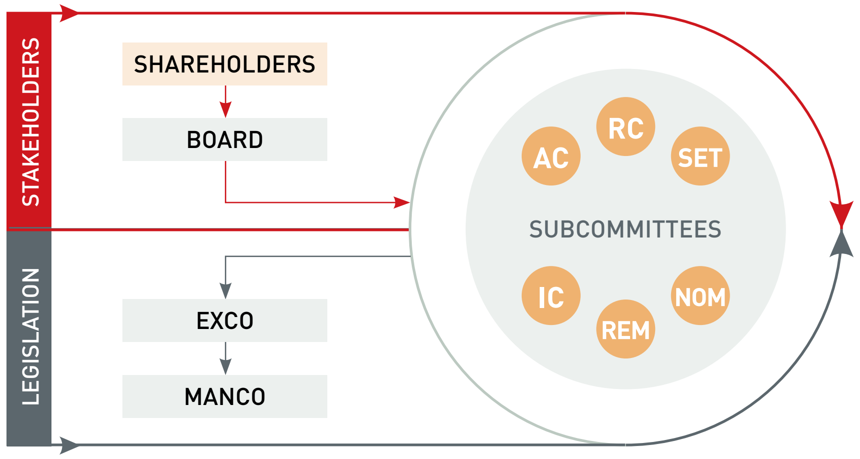
Ethical and effective leadership complement and reinforce each other. By setting an example of doing business responsibly, board members demonstrate their continued commitment to our values and the ethical conduct we embrace. Responding to the challenging economic, political and social environment in which we operate, the board understands that it is of crucial importance for it to create an ethically conducive culture. To this end, it assumes ultimate responsibility for our ethical performance by ensuring a sound strategy and business offering, ethical leadership, and a commonly accepted and lived set of values. The board similarly holds management accountable for the implementation of the ethical framework. These qualities, in turn, lead to effective governance, risk and compliance management practices, and provides reassurance that we are effectively managing business risks and identifying opportunities. Members of the board individually and collectively cultivate these ethical characteristics and exhibit them in their conduct.

Matlosana Mall, Matlosana

Structures of delegation

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

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



Committees

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

Key areas of board oversight relate to, among others:

- Steering and setting strategic direction*
- Risk and opportunity identification
- Human capital management**
- Major capex*** and large-value transactions
- Approving policy and planning
- Succession planning
- Reporting and communication with stakeholders
- Integrity of financial controls
- General compliance
- ESG integration

Board governance practices

Our adoption of board governance best practices impacts, among others, director engagement, improved effectiveness and accountability to shareholders. In addition to the governance practices already discussed, the board applies the following practices:

Alignment of strategies and goals

Oversees strategy and the execution of both short- and long-term objectives, that include attention to risk.

As part of this practice, the board determines Redefine's risk appetite and tolerance levels and engages in routine oversight of enterprise risk management (ERM).

Accountability

Approves disclosure practices and ensures transparent and reliable communication to both internal and external stakeholders.

Approves quantifiable performance metrics aligned to Redefine's strategy and ensures that performance against same is reported on.

**Including, in relation to risk, information and technology governance*
***Including executive management selection and compensation*
****Capital expenditure (Capex)*

Summarised governance report

CONTINUED

Continued improvement in performance and effectiveness by means of annual self-evaluation

Our board and committee self-evaluation process allows for an annual assessment of board practices and the opportunity to identify areas of improvement. The Nom approves the annual board evaluation process in accordance with the recommendations of King IV™, which is externally conducted every third year. **The most recent board self-evaluation was independently facilitated by EY conducted during August and September 2020.**

1 **Evaluation questionnaires**

Directors completed online questionnaires focusing on the performance of the board and each of its committees and individual members.

2 **Individual interviews**

EY conducted one-on-one interviews with the chairpersons of the board and each of its committees, focusing on:

- → Reviewing the board and its committees' performance over the prior year
- → Identifying areas for potential enhancements of the board and its committees' processes going forward

3 **Discussion of results**

The board chairperson, with the facilitation of EY, reviewed the questionnaire and interview responses with the Nom, and shared the salient features thereof with the full board.

4 **Use of feedback**

The board developed a plan to take action based on the results. The implementation of these plans is monitored by the Nom (on behalf of the board) on a quarterly basis, and progress is shared with stakeholders accordingly.

5 **Key considerations**

The following items were identified for consideration going forward:

- ★ Enhancement of director onboarding
- ★ Evolution of board packs to be more innovative
- ★ Focusing subcommittee mandates to eliminate duplication

Other considerations

- → Ongoing professional development programmes
- → Improvements to the format of board materials
- → Enhanced focus on key strategic issues to align to the revised strategy
- → Continuous monitoring of organisational culture

Board activities in 2021

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

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

Performance against the strategic priorities

At each board meeting, the CEO updates the board on progress made against the company's strategic priorities.

Corporate advisor reports

The board oversees and monitors the company's share price performance and analyses peer group and sector performance based on information provided by the company's corporate advisor on a quarterly basis.

Board committee updates

In terms of their mandates, the chairpersons of the various board committees provide verbal reports to the board regarding the actions of their respective committees, as well as the material matters arising out of their latest quarterly meetings.

During the year, the board and its various committees discussed, oversaw and monitored Redefine's performance and key strategic initiatives.

Company performance

Performance

- → Considered operating and financial performance updates
- → Discussed strategic risks, market pressures and challenges and the effects of these on the performance of the business, including the impact of the ongoing pandemic as well as risks emanating from the recent civil unrest
- → Monitored and oversaw compliance with financial loan covenants and applicable credit metrics
- → Oversaw the management of liquidity and debt maturity profiles

Strategy

GR Grow reputation

- → **Approved the company's moonshot vision**
- → Monitored the impact of the COVID-19 pandemic on our stakeholders and oversaw the development and implementation of initiatives designed to support sustainability
- → Oversaw the implementation of the CSI strategy
- → Monitored the progress of the UN SDG commitments and the new ESG strategy framework
- → Monitored Redefine's progress against the 10 principles of the United Nations Global Compact (UNGC)
- → Oversaw the entrenchment of ethics in the business, with the launch of a supplier code of conduct and a refreshed ethics management plan

IS Invest strategically

- → Re-evaluated asset growth prospects
- → Oversaw and implemented the company's investment strategy
- → Approved the sale of assets deemed to be non-core
- → Discussed potential international investment opportunities
- → Investigated opportunities to expand the income base
- → Approved the development of the smart building concept
- → Considered the implications of the regulatory amendments regarding private energy generation

OC Optimise capital

- → Considered alternatives to optimise the funding model
- → Approved the launch of the first sustainability-linked bond
- → Discussed and approved the company's LTV improvement plans
- → Approved the interim dividend deferral to preserve the company's liquidity position in the face of ongoing uncertainty
- → Resolved not to declare a dividend for FY2020 in order to protect the LTV debt covenant ratio

OE Operate efficiently

- → Reviewed renewable energy plans
- → Considered a number of interventions to improve efficiency
- → Approved the implementation of various technology solutions to improve service, efficiency and reduce consumption of natural resources
- → Completed cloud migration of the core operating environment within our managed service architect

ET Engage talent

- → Discussed the impact of COVID-19 on employee health and wellness
- → Highlighted the effects of the lockdown on employee engagement and resilience and promoted employee wellness programmes
- → Committed to enhancing diversity across the organisation
- → Monitored transformation across the organisation at all levels

Summarised governance report

CONTINUED

Mindful governance focus

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

🟥 Overview of the matter	▨ Outcome

1 Unpacking the implications of the pandemic
2 Embracing ESG
3 Ensuring employees remained engaged and well
4 Enhancing our remuneration practices

The board further applied mindful focus to the following matters that are deemed important to the achievement of Redefine's strategic objectives, the realisation of the desired governance outcomes, and the alignment of UN SDGs to our long-term ambitions. These are considered in the context of our material matters and as a means of monitoring company culture.

INTEGRATED THINKING

1 Unpacking the implications of the pandemic

The board considered how to respond to the short- and long-term implications of the pandemic for our business and stakeholders.

While economic recovery is expected to align to the roll-out of our government's vaccination programme, the pandemic has highlighted the depth of the underlying societal inequalities and rapidly accelerated emerging trends.

In its deliberations, the board considered how to understand and embrace the inherent uncertainty to ensure spaces remain relevant in a post-pandemic world – repositioning the business for future growth by harnessing the power of Redefine to help create a more equitable and sustainable world. The board considered and approved the future strategy, as detailed on **page 64**, which is designed to position the business to thrive in the future.

OC
FC MC

2 Embracing ESG

The board considered how to deepen Redefine's understanding of and commitment to ESG.

The board understands that ESG considerations must be at the forefront of an integrated business strategy and day-to-day operations. Redefine aims to be an ESG leader in the real estate sector, which includes aligning ourselves with local and international best practice around ESG, including the UNGC.

The board undertook development sessions to better equip members to execute their fiduciary duties. Redefine has committed to a set of primary and secondary UN SDGs and is an official signatory to the UNGC. The board also approved the launch of the sustainability-linked bond and, as detailed on **page 27**, conducted an external board evaluation to strengthen its governance processes.

GR IS OC OE ET
FC MC HC SRC IC NC

3 Ensuring employees remained engaged and well

The board considered how to ensure employees remained engaged and promoted personal wellness.

Given the extended remote working situation, as well as the strain imposed on mental health by COVID-19-related anxiety, the board ensured that employee wellness and engagement remained a priority.

The board, together with management, prioritised employee health and wellness. As flexible working continued, we conducted employee and diversity surveys, supported by ongoing engagement, to understand the challenges facing our people and continue refining our employee value proposition (EVP). Continuous and comprehensive support is offered through the Ask Nelson service that assists employees with mental, physical, financial and legal assistance should they need it.

ET
HC IC

4 Enhancing our remuneration practices

The board considered the company's performance and the appropriate remuneration practices to balance the current short-term financial constraints with talent retention.

The COVID-19 pandemic continues to adversely affect our business. Given this context, remuneration remained a consideration for the board, as it grappled with how to balance employee job preservation, retention and motivation with the financial constraints facing the company.

We recognise that the key to our ongoing success lies in retaining and attracting high-performing people. A key focus for FY2021 was to ensure that we retain talented people while maintaining a fair and responsible approach to remuneration. As such, the remuneration policy was overhauled to ensure that the interests of shareholders, directors and employees aligned. The overarching philosophy adopted by the remuneration committee (Remco) was to achieve a balanced, fair and responsible outcome for all stakeholders. **Key enhancements to our variable pay structures include:**

→ **Phased performance targets**	→ **Further 'skin in the game'**	→ **Compulsory STI deferral**
→ **All variable pay is now linked to performance**	→ **Alignment with the market**	→ **Safeguards against windfall gains**

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FC HC

Further details are outlined in the remuneration report. See our ESG report for more information.

Our approach to assurance

Among other matters, our audit committee focuses on enabling an effective internal control environment, supporting the integrity of the information used for internal decision-making by management, the board and its subcommittees and ensuring the integrity of external reports. Our approach to assurance includes monitoring and oversight by executive and senior management, plus the use of internal audit and external assurance providers. This process supports our reputation and enhances shareholder value.

Elements of our IR were assured as follows:

Reporting element	Assurance status and provider
IR	Our IR was prepared by members of the executive and senior management within the constructs of a defined mandate. The preparation of the IR comprised various systems, procedures and controls, as well as key responsibilities and activities. In accordance with their terms of reference, our board committees verified certain information set out in the report and recommended same to the board for final approval. **The report has not been externally assured.**
Financial information	The summarised financial information is extracted from the consolidated AFS and includes both audited and unaudited information. PricewaterhouseCoopers Inc. audited the information in the consolidated AFS and expressed an unqualified audit opinion thereon. EY assisted in providing gap analysis and remediation of internal financial controls, supporting the CEO and CFO attestation as per the JSE Listings Requirements.
Selected non-financial performance metrics	Accredited service providers and agencies verified selected non-financial performance metrics contained in the report, including, among others: → **Honeycomb BEE Ratings Proprietary Limited** independently verified the group's contributor rating according to the BBBEE Act, No 53 of 2003 and the amended property sector code (Gazette No 40910 of June 2017) → **Terra Firma Solutions** independently verified the group's 2020 carbon footprint/GHG inventory. Verification is at a limited level of assurance and in accordance with the principles of the GHG Protocol Corporate Accounting and Reporting Standard, second edition, 2004 and the ISO 14064-3 international verification standard regarding: ▫ Conformance with the general requirements of the GHG Protocol Corporate Accounting Standard ▫ Completeness and accuracy of the calculated emissions for the financial year → **The Ethics Institute** independently conducted the company-wide quantitative ethics risk survey, and tabulated Redefine's ethics culture maturity and ethics behaviour risk in accordance with its internally-developed methodology
All other non-financial performance information	Management verified the processes for measuring all other non-financial information and assurance on same was obtained in line with the company's combined assurance model.

155 West Street, Sandton

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Our business in context

In a volatile operating environment, we continued to focus on what matters most – looking beyond the immediate to where we want to be.

Reflections from our chairperson

Introduction

When I wrote to you last year, the pandemic had just begun – adversely affecting our business, our stakeholders and the world at large. We were still grappling with its implications, while ensuring that we responded swiftly to protect lives and value. A year later, COVID-19 is a part of the operating landscape, and we have evolved our thinking to ensure business continuity and to respond proactively and positively.

In an extremely challenging environment, we continued to make the tough decisions necessary to protect and enhance our business's resilience and sustainability; looking beyond our current context to the future we want to create.

Building a better tomorrow

Our operating environment continues to evolve at unprecedented levels. The nature of offices and retail is changing, which in turn influences how spaces are used. Many of the trends we see have been present for some time but have been accelerated by the pandemic. As the crisis continues to drive fundamental and structural changes to many sectors of the economy, we are yet to understand the full scale of the long-term impact of COVID-19 on our business.

As we look beyond the pandemic, the uncertainties are here to stay – the new normal will be 'never normal'. Because of this, our short-term strategy must be sensitive and responsive to those uncertainties, while positioning the business to thrive in the long term. Through our engagement with management, the board is confident that the executive leadership is not only on top of these trends, but has done considerable work to understand how the business must adapt and adjust accordingly.

In line with this, this year the business undertook a strategic review; reflecting on how we can do more as a collective to address socio-economic transformation and sustainability to ensure our business remains relevant in a changing context. Following a rigorous review by the board, we are confident that this represents a transformational shift in thinking that will position us for the future. As articulated in our moonshot – in this decade to deliver the smartest and most sustainable spaces the world has ever known – this strategic reset reflects our commitment to creating a more inclusive, sustainable and resilient operating context.

I am particularly proud of the level of engagement and the quality of discourse from the board.

Our integrated strategic process considers ESG factors and our UN SDG commitments, which we believe to be a fitting approach for a business operating in a long-term asset class. We continue deepening our understanding of ESG and to this end have joined the UNGC, which gives us access to international resources and networks that will support our sustainability journey as we strive to enhance our performance.

South Africa experienced dramatic civil unrest this year as social and economic tensions coupled with malfeasance created a powder keg. The vulnerability of our assets to civil unrest has been on our risk radar for several years, heightened by growing social inequality and unemployment. While certain of our assets were affected *(refer to our manufactured capital section for more information)*, ordinary citizens heroically protected some of our properties, highlighting that as businesses, we are not islands but part of the community. We thank these community members for their efforts and pay tribute to the many South Africans who spoke out and took a firm stand against these acts of violence. We are a country of laws, and I believe we have a bright future as a nation, but these acts of violence and lawlessness undermine our credibility and ability to grow.

As we look to 2030, it is incumbent on businesses to be a part of the change we want to see, which is why we have committed to supporting the UN SDGs. We see the UN SDGs as critical to building a better future. Last year, we identified primary and secondary UN SDGs based on their relevance to our business and where we believe we can make the most impact. Given the interconnected nature of these UN SDGs, we believe that the breadth of impact will be even greater than these identified areas.

This year, we extended this work by developing ESG-related KPIs that will be essential to tracking our progress towards creating value for our stakeholders and will allow us to detect where we can improve our approach. While there is still much to do, the board is pleased with the work underway.

From an environmental perspective, I believe that supportive governmental policies are crucial, and we welcome the recent announcement of changes to legislation that will allow companies to generate up to 100 MW of renewable energy. This change will enable significant opportunities for clean energy generation, and we look forward to these changes being gazetted.

We view our ESG journey as ongoing and look to make meaningful progress in the decade of action.

Ensuring robust governance practices protect value

In times of crisis, sound governance is more important than ever. Crises can engender a reactive approach that can be harmful to a business's long-term sustainability. However, a clearly articulated, fit-for-purpose governance framework that includes rigorous risk management supports informed decision-making.

Our governance framework enables alignment between executives and the board regarding the direction of the business. This alignment is critical in an environment that requires rapid decision-making. I believe that our governance framework has shown itself to be resilient and served us well as the pandemic unfolded. It supported agile decision-making to protect the business and its stakeholders from the immediate impacts and ensured that we have a strategic line of sight for how we will emerge well-positioned for the future.

Bolstering board diversity and independence

As a company, Redefine has been on a journey to enhance the board's independence and diversity. We have a strong board that comprises a diverse mix of skills, experience, gender and racial profiles. The appointment of **Ntobeko Nyawo** this year has served to further strengthen this. We have also been able to spread the unique skills and experience of our directors across our committees to most effectively support value creation.

As chairperson, I am particularly proud of the level of engagement and the quality of discourse from the board. There is robust debate on the issues, underpinned by deep mutual respect and an appreciation of the responsibility we bear to stakeholders.

Sipho M Pityana
Independent non-executive chairperson

Appreciation and outlook

The past year has been a difficult one for our people, and I thank them for their dedication to the business. I would like to thank Andrew, our CEO, for his inspiring leadership during this time. Andrew and his executive leadership team have skilfully and tirelessly navigated these stormy waters, while ensuring our people remain motivated and engaged in extremely challenging circumstances.

I would also like to express my appreciation to my board colleagues who have shown incredible commitment during the year. Thank you for your time, insight and wisdom; you have been a great support to me.

We expect the operating environment to remain challenging, with ongoing and rapid change the only constant. Despite the prevailing climate of uncertainty, we see both opportunities and potential headwinds. I believe that the business's agile response to the immediate crisis and the longer-term strategic work undertaken have repositioned Redefine to leverage the anticipated economic recovery.

Looking ahead, our focus will be on the execution of our revised strategic objectives, while ensuring that we remain ahead of emerging trends to deliver sustained value creation for our stakeholders.

Integrated stakeholder engagement

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. In a year fraught with uncertainty due to COVID-19, we have focused on deeper engagement and collaboration to create mutual sustainability and value protection. 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 value creation indicators and the quality of our relationships. **For more information on measuring the value created for our stakeholders, refer to pages 17 and 18.**

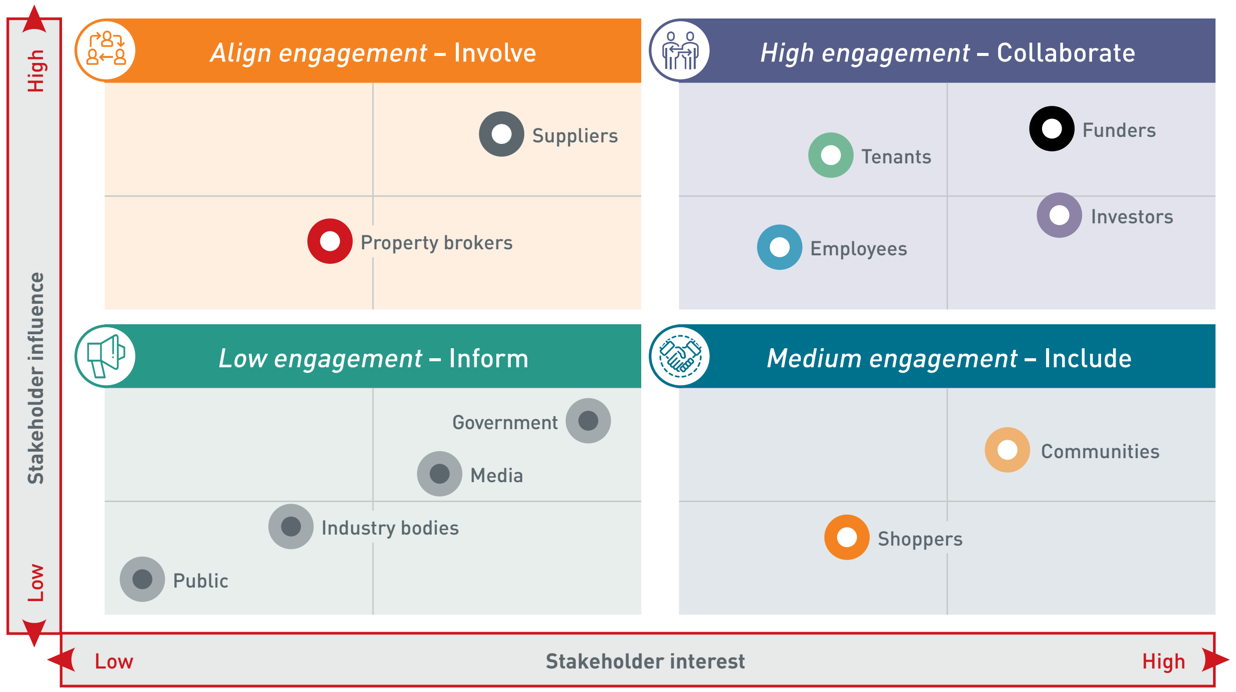
Analysis of Redefine's stakeholders

We group our material stakeholders by their level of influence on us and our impact on them. We are committed to understanding their individual concerns and applying their relevant inputs to our decision-making to ensure value creation. The operating context is changing rapidly, impacting on our stakeholders' needs and concerns as well as how we engage with them. To address this, we undertook a strategic review of our current stakeholder universe in 2021 to ensure we have correctly identified and categorised our stakeholders. The results of the review are reflected below, with details on how we engage included on **pages 36 to 40**.

Our stakeholder landscape continues to evolve as we align our stakeholder goals to our moonshot strategy.

We have tailored engagement plans to meet key stakeholders' individual value expectations. We are currently assessing our existing engagement strategies against the results of the review to identify opportunities that will allow better engagement with our stakeholders and forge stronger relationships. The manner and frequency of our stakeholder engagement has changed due to COVID-19. Virtual stakeholder engagement has become the norm, but we continue proactive stakeholder campaigns to maintain two-way communication.

Stakeholder landscape



Our stakeholder goals

Tenants	Investors	Employees	Funders	Suppliers	Shoppers	Communities	Property brokers
Provider of differentiated and relevant space	Source of sustained growth in total returns	Employer of choice	Reliable source of returns on debt funding	Source of business opportunity and growth	Provider of safe and innovative shopping experience	Responsible community participant	Preferred business partner

Implementing tailored engagement strategies for key stakeholders

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. We therefore measure the quality of our relationships through various feedback mechanisms to make an informed assessment.

Internal quality assessment of our stakeholder relationships

	Quality of relationship indicator
No existing relationship	■□□□□
Relationship established but much work to be done to improve the quality of the 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	■■■■■

Tenants

Tenant feedback and surveys ■■■□□

Why we engage

- → We understand that our business sustainability depends on our tenants
- → We assist tenants with lease renewals suited to their needs
- → Attracting and upskilling new-generation tenants with innovative solutions improve our offerings so our spaces remain relevant

How we engage

- → *Smartten* (our smart tenant sustainability programme)
- → Teams at our premises
- → Communication across various platforms (emails, WhatsApp groups, print and electronic media, call centre, and ethics hotline for whistle-blowers)

Key matters raised in 2021

- → COVID-19 rental concessions
- → Flexible lease terms
- → Health and safety protocols implemented at properties following the pandemic outbreak
- → Lower operating costs for tenants to improve efficiencies and increase value for money
- → Use of green technology and efficiencies
- → Constrained consumer spending, with lower footfall and dwell times in retail properties
- → Utility supply interruptions
- → Increased cost of occupation
- → Response time in resolving issues, including maintenance requirements
- → Inconsistent service levels throughout the tenant life cycle and areas of the portfolio

Our strategic response

- → We strive to support tenants hardest hit by the pandemic
- → We implement the highest standards of health and safety
- → We focus on enhancing efficiencies and implementing environmentally responsible operating methods
- → We have standby power and water solutions at our key retail properties
- → Our dedicated call centre addresses enquiries and complaints
- → We strive to enhance tenants' experience of Redefine through the tenant journey
- → Our *Smartten* programme aims to enhance the sustainability of our tenants

Type of stakeholder engagement

- *Align engagement* – Involve
- *Low engagement* – Inform
- *Medium engagement* – Include
- *High engagement* – Collaborate

Integrated stakeholder engagement

CONTINUED

Investors

Investor perception survey ■■■■□

Why we engage

- → By understanding our investors' requirements and meeting their expectations of value creation, we grow trust in our organisation, which strengthens our access to capital

How we engage

- → JSE Stock Exchange News Service announcements
- → Corporate website (a key information platform)
- → Breaking news alerts
- → One-on-one meetings with executive management and (where appropriate) non-executive directors
- → Stakeholder webcasts
- → Annual and interim results presentations
- → IR and ESG reports
- → Property tours
- → Editorial and thought leadership articles
- → Participation in industry and investor conferences
- → Investor perception surveys

Key matters raised in 2021

- → Liquidity concerns due to the impact of COVID-19
- → Focus on measures to simplify the balance sheet and lower LTV
- → Compliance with debt covenants
- → Market confidence and share price
- → Consistency in delivering on our strategy
- → Transformation strategy at senior management level
- → Understanding our remuneration approach and practices
- → Unpacking our ESG journey, including Task Force on Climate-related Financial Disclosures (TCFD) progress
- → The financial benefits of green building initiatives for tenants and the impact on our balance sheet

Our strategic response

- → We are committed to ensuring transparent communication and engagement with investors
- → We communicate our long-term focus and strategy through results presentations, as well as IR and ESG reports
- → We increase engagement with senior management through virtual platforms, including ESG roadshows and one-on-one meetings
- → We address debt covenant compliance while lowering our LTV and made good progress during 2021
- → We communicate our transformation strategy during stakeholder engagements

Employees

Employee engagement score ■■■■■

Why we engage

- → Employees are fundamental to growing our brand and delivering high-quality service
- → Employee engagement is vital to maintain connection, motivation, and an engaged workforce

How we engage

- → Extensive internal communications using multiple platforms tailored to the employee and the message
- → Our intranet
- → Communication from our CEO (newsletters, emails and videos)
- → One-on-one interactions between employees and line managers
- → Employee surveys
- → Rewards and recognition programme
- → Performance reviews and exit interviews

Key matters raised in 2021

- → Key issues related to COVID-19, including:
  - ▫ Job security and business sustainability
  - ▫ Remote working and data accessibility
  - ▫ Employee health and wellness
  - ▫ Salary increase freeze for middle and senior employees
  - ▫ Assimilating new employees remotely
- → Fair and market-related remuneration
- → Career development opportunities, with our flat organisational structures and low employee turnover perceived as barriers to promotional and career opportunities
- → Transformation at senior management level
- → Learning and development, including access to mentorship and coaching programmes as well as COVID-19's negative impact on employee participation in programmes
- → Need for two-way communication across multiple platforms

Our strategic response

- → From the onset of the pandemic, we have focused on employees' health and safety while ensuring productivity through increased employee communications to keep people informed, motivated and engaged
- → We offer financial, physical and emotional support through our wellness programme
- → Transformation remains a top priority, with steady progress made in 2021
- → We annually benchmark remuneration practices against peer and industry companies and work to ensure our remuneration practices are fair, transparent and equitable
- → Our specialist learning and development department supports capacity building
- → We support internal employee promotions when opportunities arise and encourage internal career growth
- → We approved a salary increase mandate for FY2022 to ameliorate the cost of living
- → The ***Managers to Mentors*** programme has continued throughout FY2021

Funders

Internal assessment ■■■■□

Why we engage

- → Our access to debt funding is critical to our ability to purchase properties and build our property portfolio. Funders expect us to honour our agreements with them, which in turn builds trust and supports our ongoing access to capital

How we engage

- → One-on-one meetings
- → Roadshows
- → Website
- → Stakeholder webcasts
- → SENS announcements
- → Annual and interim results presentations
- → IR and ESG reports
- → Property tours and webinars

Key matters raised in 2021

- → Liquidity concerns due to the impact of COVID-19
- → Focus on measures to simplify the balance sheet and lower LTV
- → Compliance with debt covenants and agreements
- → Growing demand for ESG-linked funding

Our strategic response

- → We are committed to ensuring transparent communication and engagement with our funders
- → We actively manage our debt covenant agreements
- → We have made good progress on lowering our LTV
- → We launched our first sustainability-linked bond

Suppliers

Supplier feedback and surveys ■■■□□

Why we engage

- → Our suppliers are valued partners and an extension of our business, as they interact directly with our tenants and retail customers. As such, their conduct must be consistent with our brand promise and BEST values

How we engage

We engage directly through our group procurement function with:

- → Potential or new supplier introductions
- → Supplier onboarding programmes
- → Strategic sourcing opportunities
- → Service level agreement management and service delivery feedback
- → Tenant feedback
- → Supplier code of conduct

Key matters raised in 2021

- → Supplier business sustainability during lockdown
- → Supplier performance management
- → Contract management
- → Tender process and criteria
- → Conflicts of interest
- → Information supply and response times
- → Timely payments within clearly communicated standard operating procedures
- → Transformation, local representation and opportunities to uplift small enterprises, including ESD

Our strategic response

- → Where a service is unavailable during lockdown, we continue to honour the labour component of contracts so that suppliers can protect their employees' jobs. All the supplier labour components of contracts continued to be honoured when the supplier was unable to provide a service while the country was in a state of emergency, which allows for job protection of suppliers' employees
- → We use purchase orders for better control and governance
- → Our payment processes are streamlined to avoid delays in settlements, supporting the national Business for South Africa campaign to pay small, medium and micro-enterprises within 30 days
- → We use analytics to identify areas for improvement in the procure-to-pay process
- → We implement supplier development and support initiatives for exempt small, medium and micro-enterprises with preferential payment terms
- → Our supplier rationalisation supports quality suppliers and improves administration
- → We pursue smarter and sustainable procurement opportunities (quick decision-making and simple deal structuring)
- → We continuously improve and develop communication platforms aligned with supplier expectations

Type of stakeholder engagement

Align engagement – Involve	*Low engagement – Inform*	*Medium engagement – Include*	*High engagement – Collaborate*

Integrated stakeholder engagement

CONTINUED

Shoppers

Internal assessment ■■□□□

Why we engage

- → Shoppers, both current and potential, are important to the viability of our tenants
- → Shoppers publicise their experiences on formal and informal platforms, which informs other shoppers' decisions. This relationship must be carefully managed to maintain our brand reputation

How we engage

- → Proactive engagement and management of complaints and queries
- → Marketing, promotions and communication via local and social media for information and to meet our objectives (increased dwell time and footfall)
- → Meet diverse needs with optimal tenant mix in retail centres

Key matters raised in 2021

- → COVID-19 safety in retail centres, with a preference for COVID-19-friendly offerings
- → A safe, secure and clean environment
- → Correct tenant mix, especially given the challenging macroeconomic context and pressure on consumers' disposable income
- → Convenient parking and suitable facilities
- → Shopping centre events and other forms of entertainment taking COVID-19 safety protocols into account
- → Online shopping trends

Our strategic response

- → We focus on ensuring that the highest standards of health and safety are maintained at our centres
- → COVID-19 has accelerated changes in shopping patterns. We research and monitor consumer behaviour and shopping trends to mitigate risk and tailor an appropriate tenant mix, safe entertainment and integration with online shopping
- → We are considering multipurpose use in our retail centres to include additional offerings, such as education facilities and clinics
- → We continuously revise security measures at our shopping centres to protect all stakeholders
- → Our internal team manages marketing activities and non-GLA spaces to improve our malls for the benefit of shoppers
- → We enhance shopper experiences during retail upgrades and extensions

Communities

Community feedback and surveys ■■□□□

Why we engage

- → We want to maintain mutually beneficial relationships with our communities, engaging openly to understand our impact on our communities and how we can support them

How we engage

- → We engage directly with our communities and related non-profit organisations to understand community concerns
- → We also engage through community forums

Key matters raised in 2021

- → Opportunities in our spaces to improve the lives of surrounding communities
- → Business opportunities for local enterprises
- → Job creation for unemployed youth and other community members
- → Collaboration with non-profit organisations
- → Integrating shopping centres into our host community to reflect and promote the culture of the community
- → Implementing a tenant mix that reflects the demographics of our host communities
- → Co-creating solutions for better outcomes
- → Contributing to the development of communities we serve

Our strategic response

- → Our EcoDistricts certification at S&J Industrial Estate will create a significant impact for communities, focusing on their upliftment
- → The Maponya Mall hub is under construction, once complete it will provide a platform for youth development in the area and stimulate job creation

Type of stakeholder engagement

Align engagement – Involve	*Low engagement* – Inform	*Medium engagement* – Include	*High engagement* – Collaborate

Property brokers

Broker feedback and surveys ■■■□□

Why we engage

- → Property brokers connect us with our tenants. As such, they must be aligned with our brand promise

How we engage

- → Our extensive ***REACH*** broker incentive programme
- → A quarterly newsletter
- → Website updates regarding ***REACH*** and current vacancies
- → Information on vacant space through site visits, presentations and marketing
- → Our expert internal leasing executive team

Key matters raised in 2021

- → Timely payments of commissions
- → Pace of leasing deal closure
- → Incentive programmes
- → Access to view vacant spaces
- → Marketing material and information to assist in concluding deals
- → Broker mandates
- → Improving relationships

Our strategic response

- → We continue improving our processes to ensure our decision-making is quick and deal structuring is simple
- → We improve and develop our communication platforms aligned with broker expectations
- → Our payment processes are continuously streamlined to minimise delays
- → We engage with our brokers to maintain partnerships and expose them to vacant spaces
- → Special deals are structured for vacant space that is difficult to let

Wonderboom Junction, Wonderboom

Risks and opportunities

Continuous dynamic risk assessment and monitoring in a rapidly evolving risk universe

Over the past two years, external challenges to our business, such as COVID-19, the civil unrest in July 2021 and persistently challenging macroeconomic conditions, have highlighted the importance of agile and responsive decision-making processes informed by a holistic view of the company's risk profile. Although these events have affected our risk profile, our risk appetite was within our tolerance levels during the period under review.

We define risks as events that may affect our ability to create sustained value for stakeholders. Sound risk management enables us to anticipate and respond to changes in the operating context and make informed decisions during uncertain times.

2021 achievements

- Reviewed and refined our ERM framework
- Further embedded risk appetite considerations into our strategic priorities
- Continuously refined our internal risk reporting journey

Future priorities

Further embedding our ERM framework through:

- Implementing process mapping of risks to improve efficiencies and identify opportunities for automation
- Leveraging technology to enhance data gathering and management for improved trend analysis
- Implementing annual key risk scenario assessments to enhance our proactive risk management

INTEGRATED THINKING

To deliver on our strategy, we respond to opportunities and the associated risks without jeopardising stakeholders' direct interests. We consider our **operating context** when determining risks, and we assess their impact on our **strategic** priorities and how our strategy could proactively respond. Our consideration of risk is balanced across all the **capitals** that we affect.

Our risk management approach

We are guided by an enterprise wide approach to risk management, meaning we include every identified material risk in a structured and systematic risk management process. These risks are managed within a unitary framework aligned with our corporate governance responsibilities.

The board serves as the focal point and custodian of corporate governance; this supports our holistic (dynamic) approach to risks and opportunities on our horizon. As business risk is complex and diverse, our process is designed to ensure consistent and integrated coordination across the business to mitigate risk.

Redefine follows a bottom-up approach to identify, assess and manage risk, which is subject to a quarterly top-down review process to ensure completeness, proportionality to our business, and the robustness of mitigating actions.

ERM approach

Effective and sound risk management enables Redefine's long-term competitive standing.

ERM design imperatives

Mitigation and proactive management of our risk profile	Providing reasonable assurance that we will achieve our strategic objectives

Achieved through

1. **Effectively and proactively identifying, assessing, quantifying and mitigating events**
2. **Considering the potential positive and negative effects of the risk**
3. **Simultaneously identifying strategic opportunities during the risk management process**

Embedding our ERM framework into business activities and organisational culture

In line with our continuous pursuit of business improvement and efficiency, we are actively transforming our risk processes and maturity. This includes considering and implementing practices to bolster our internal control environment and embed the principles of robust risk management into day-to-day operations. We are systematically implementing our revised ERM framework to enable management to proactively manage the strategic pursuit of value in an acceptable risk profile and at approved levels of risk appetite and tolerance.

DEFINE	EMBED	ASSESS	UNDERTAKE	EXECUTE
ERM management framework and associated standard operating procedures	risk management operating model across functions and the four lines of defence	the current landscape and identify enhancement opportunities	prioritising enhancement and remediation	combined assurance and continuous improvement

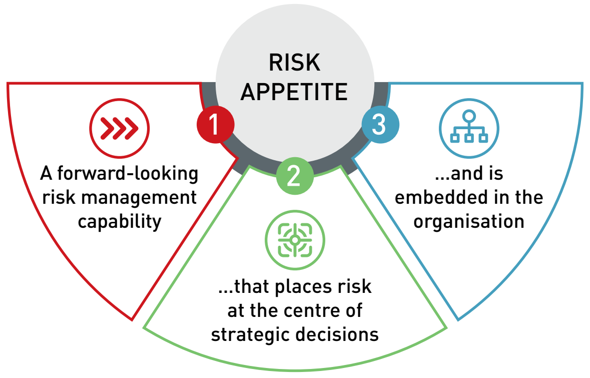
As part of the ongoing ERM implementation, we have developed a key risk scenario methodology that we believe will better equip us to proactively manage risk through a data-driven approach. Scenario analysis of domestic and global internal and external events will enable us to assess where our control environment should be enhanced. This will also assist with better data analysis that can identify inefficiencies and financial savings.

Risk appetite and tolerance

We use our risk appetite and tolerance thresholds with business planning and decision-making to remain aligned to our continuously evolving business dynamics and to ensure we are not exposed to risk levels beyond our risk-bearing capacity while in pursuit of delivering on our strategy.

We are actively improving our risk appetite framework to be forward-looking, data-driven and enterprise wide with a focus on embedding governance and accountabilities into our strategic planning process – ensuring that our metrics are predominately forward-looking and used to drive desired behaviours and that the framework is embedded across the value chain of our business and broader stakeholder relations.

Placing risk appetite at the core of strategic decision-making



1
- Essential for proactive risk management
- A clear structure to assess current and future risk profile
- Reinforce learnings from experience

2
- An essential tool to understand the risk impact of strategic decisions
- Enables management and the board to balance risks and opportunities
- A key enabler in delivering sustainable value creation

3
- Cascaded by risk type and corporate structure
- Supports a sound risk culture and drives accountability
- Enhances risk maturity and sets the tone for policies and procedures

Risks and opportunities

CONTINUED

Our risk appetite approach and framework

Risk appetite	Risk tolerance	Risk appetite and tolerance metrics
Risk appetite refers to the extent and type of risk we are willing to take to meet our strategic objectives	Risk tolerance describes the level of uncertainty we will accept and identifies the maximum risk boundary, beyond which we are unwilling to operate	Key value drivers are an important consideration when re-evaluating our risk appetite
→ Used in setting strategy and business planning → Aligned to Redefine's strategic priorities and uses our risk registers as a key reference point → Acts as a reference point for significant risk taking and risk mitigation decisions	→ Measured according to thresholds aligned to our approved appetite levels → Enables management to make prompt and proactive decisions to ensure risk management objectives are achieved in the ordinary course of business	→ Financial metrics → Operational metrics → Market sentiments → Portfolio diversification factors **Review of these metrics considers** → The rate of change → Where strategic priorities are revised

Governance

The risk appetite framework

- Enables the board to evaluate and agree on the nature and extent of the risks we are willing to take to pursue our value creation strategy
- Is reviewed annually by the risk, compliance and technology committee (RC) and approved by the board to ensure that risk appetite parameters are aligned to changing company dynamics
- For risks that exceed our appetite and/or tolerance levels, the board will consider mitigating actions or consider an alternative strategic approach.

In 2020, we reported that Redefine needed to rapidly reallocate resources to effectively respond to the effects of COVID-19. This resulted in the company operating outside of previously acceptable risk tolerance levels. The necessary adjustments were made to individual risk tolerance and appetite levels, and the company's overall performance risk appetite.

In 2021, we conducted an in-depth review of our risk tolerance and appetite levels, as part of our holistic response to the immediate impact of the pandemic and our strategy beyond it. The key focus is to preserve key value drivers that enable Redefine to sustainably protect value creation for all stakeholders, while adapting the business model to pursue long-term growth prospects through the cycle.

155 West Street, Sandton

Our risk appetite approach and framework

The following table sets out our strategic priorities and corresponding risk appetite for each matter.

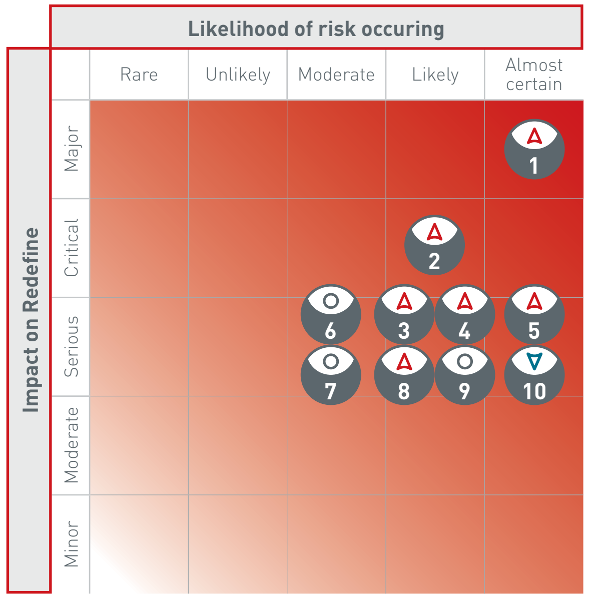
Strategic priority	Risk-taking propensity	Risk appetite level
IS Invest strategically	Redefine's risk propensity centres around creating value for stakeholders. This is measured in generating a total return that includes growth in tangible net asset value (TNAV) and growth in distributable income per share. We actively pursue and manage the optimisation of asset allocation between core, defensive and secondary properties. We remain committed to investments that provide reliable income streams and offer attractive yield spreads. Given the increased risk levels inherent in the operating context, we have simplified our current risk landscape in line with our core investment proposition – to be a diversified, predominantly South African portfolio with Polish growth prospects.	Medium to high
OC Optimise capital	Redefine's risk propensity supports a robust financial position that provides a strong platform to fund our continued value growth curve and maintain strong credit metrics in a prudent and sustainable manner. In the short term, given the current LTV levels, our risk propensity centres around the strategic recycling of non-core assets to optimise capital and reduce debt levels. In the medium to long term, we are incorporating ESG into our funding strategy, which seeks to broaden quality-rated and cost-effective funding sources, targeting the most economical available cost of fixed and variable debt funding.	Medium to high
OE Operate efficiently	Achieving this strategic priority is linked to maintaining margins, medium-term growth and sustainability. Operating efficiently is more critical than ever in the current context, as tenants still face significant headwinds due to a stagnant economy and above-inflationary administered cost increases. As such, improvements in operational efficiency could assist our tenant retention and attraction strategy and achieve cost optimisation through the rationalisation of our supplier data. We are focused on accelerating the digital opportunity across the value chain. During 2021, we migrated our core operating environment onto the cloud as part of enabling long-term structural benefits of scale, efficiency and security. This will positively affect our tenants, suppliers, employees and, ultimately, our investors. There is a medium appetite for outcomes that would negatively affect the achievement of operational efficiency performance targets, and there is the desire to refine business processes and optimise outsourced functions.	Medium
GR Grow reputation	Our brand is a key differentiator for our success in an increasingly competitive market. As such, we have a low tolerance for any incidents that may impair our reputation and brand, including legal and regulatory non-compliance or unethical business practices. The board has a high appetite for advancing INTEGRATED THINKING and promoting opportunities to integrate stakeholder engagement and for improving service delivery to all stakeholders.	Low to medium
ET Engage talent	We aim to energise and achieve deepened employee engagement through refined KPAs. Redefine has a low tolerance for any conduct-related incidents that may affect our values-driven accountability culture. Prolonged periods of working from home may negatively affect some employees' motivation, wellness and engagement levels. We run continuous internal campaigns to ensure employees remain energised and productive despite the challenging circumstances. The board has a strong appetite to increase diversity throughout the organisation to sharpen and deepen our skills competency profile, which supports our long-term growth aspirations.	Low to medium

Risks and opportunities

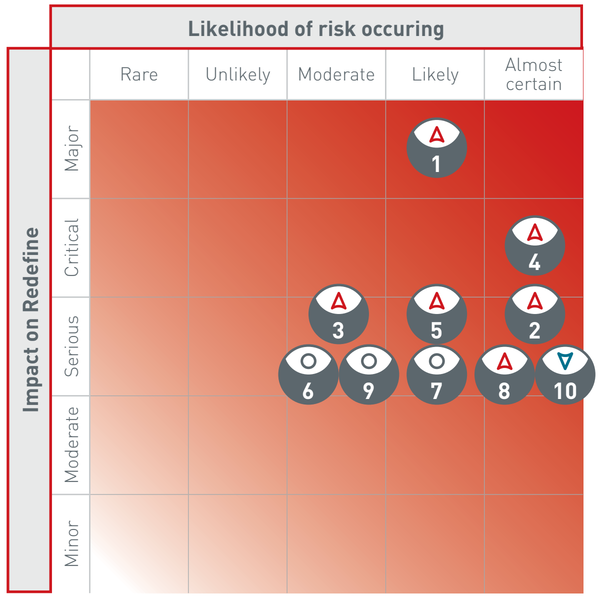
CONTINUED

Top strategic risks

As part of our bottom-up approach to the risk assessment process, we assess risks in the short, medium and long term. The following heat maps provide an overview of the assessment of our top 10 strategic risks.



An 18-month time horizon



A five-year time horizon

Refer to the descriptions of the risks below.

△ Elevated risk | ☐ Emerging risk | ○ Static risk | ▽ Reduced exposure

The evolution of the risk universe has driven changes in the ranking of our top 10 strategic risks. Over the past five years we have observed a rapid, dynamic and unpredictable pace in long-term trends as a result of the pandemic, wide divergence in socio-economic trends and an increase in underlying equality.

The most significant change in our 2021 risk dashboard is the emergent risk of damage to property and security-related threats (2021: 3 and 2020: 11) following the civil unrest in South Africa in July 2021.

Risks on our radar

Continuous dynamic risk assessment and monitoring in a rapidly evolving risk universe

Through our business model-focused, proactive strategic review, we continuously review emerging risks and assess inherent or potential impact across our value chain in light of the rapidly evolving risk universe. In addition to our top 10 risks, we remain cognisant of other risks that warrant continued monitoring.

These include but are not limited to

- Reduced capacity in the debt capital market due to broad potential structural shifts
- Heightened political uncertainty and tensions
- The possibility of different COVID-19 strains and other infectious diseases and their potential impact on our business

	Risk: Appetite	Tolerance	Level
2020 1 — 1 Uncertainty about the long-term impact of geopolitical and socio-economic growth factors	High (aggressive)	Within tolerance	△

Capitals affected: FC MC

Description and implications for value creation

Geopolitics and the associated volatility, uncertainty, complexity and ambiguity create potential socially and economically disruptive conditions, with COVID-19 significantly changing the operating context, accelerating trends, and highlighting structural issues.

Factors such as COVID-19, low economic growth, high unemployment levels, currency volatility, rising liquidity pressures, rising social unrest, increased administered costs and inflation impede growth and investment. These factors may result in reduced demand for space, increased cost of doing business, and potential tenant defaults.

Strategic priorities affected: GR IS OC OE ET

Response and mitigating actions

- Strategic diversification across sectors and geographies, balancing foreign and local assets and funding sources
- Focused and selective investments aligned with strategic goals to develop a defensive asset base, supported by ongoing scenario planning and investment due diligence
- Monitoring local and global conditions, including economy, sector-specific, regional and global political events
- Rightsizing the asset footprint to the capital base
- Prudent tenant retention selection criteria and ongoing monitoring of tenant strength and effective credit management practices
- Sound balance sheet and liquidity management

2021 key developments

The recent civil unrest has highlighted inequality, high levels of unemployment, and the impact on social cohesion.

The inadequacy of the response by state security and law enforcement during this period, as well as the ability of South African Special Risks Association to honour the current and future claims, was a major concern. To date, partial settlement of the claims has been received and we expect the balance to be received during FY2022.

Opportunities arising from this risk

Due to the challenging operating environment, we had to rethink all parts of our business and reposition the core portfolio to withstand prevailing conditions. We must also be adaptable to leverage opportunities in potential future scenarios, such as repurposing space to align to changing market needs.

	Risk: Appetite	Tolerance	Level
2020 2 — 2 Impact of business disruption in the property sector as a result of technology changes and evolving tenant needs and their changing space requirements	Medium to high	Within appetite but exceeding tolerance	△

Capitals affected: MC HC SRC IC

Description and implications for value creation

Rapid advances in technology could disrupt traditional business models and create new markets. To prevent property obsolescence, we must adapt our operating model and respond to tenants' changing, and sometimes conflicting, needs and demands.

Response and mitigating actions

- Increasing focus on developing a sound, defensive asset base
- Aligning property portfolio with trending technologies as a part of our refurbishment and redevelopment programme
- Leveraging exogenous technology in all facets of our business

2021 key developments

COVID-19 accelerated the rate of change in consumer behaviour and virtual working patterns, resulting in an evolution of tenants' business space requirements and cyber considerations.

Strategic priorities affected: IS OE ET

Opportunities arising from this risk

- Leveraging big data to analyse changing markets and behavioural trends to maintain relevance and align our property portfolio compatibility with trending technologies
- Enhancing our operating model and market differentiation with sustainable innovations and value-added services, such as online and virtual reality leasing and stakeholder engagement channels
- Considering the cost and benefits of repurposing existing space to align with tenants' future needs
- Design and implementation of a formal programme to address sustainability initiatives required for appropriate client and other stakeholder satisfaction

△ Elevated risk | ☐ Emerging risk | ○ Static risk | ▽ Reduced exposure

Risks and opportunities

CONTINUED

2020			Risk: Appetite	Tolerance	Level
13	3	Damage to property and security-related threats	Medium to high	Within appetite but exceeding tolerance	△

Capitals affected: FC MC

Strategic priorities affected: GR IS

Description and implications for value creation

This risk applies to our employees, assets, tenants, the public and, ultimately, our reputation. Threats related to civil unrest or terrorist activities are generally fuelled by socio-economic pressures and political unrest, while rising crime and vandalism are inherent property sector risks.

Response and mitigating actions

- → Diversifying our asset base across market sectors and key economic nodes reduces our exposure to localised incidents
- → Implementing effective security and health and safety programmes, including emergency evacuation plans
- → Implementing an effective business continuity management programme
- → Ensuring operational resilience through maintained and secure site security and critical equipment
- → Maintaining strong relationships and close liaison with our security teams, SAPS and local communities
- → Maintaining and enhancing adequate insurance cover

2021 key developments

The impact of the civil unrest during July 2021 directly and indirectly exacerbated challenges for small businesses, the property sector and the economy. Six properties (representing approximately 2% of our portfolio value) were affected with total damages of R148 million.

It is expected that there will be a material increase in the cost of insurance and a high potential for reinsurance capacity constraints for these events.

Opportunities arising from this risk

Redefine is committed to inclusive stakeholder engagement and firmly believes that effective community outreach programmes stimulate a positive association between our communities, brand and properties.

2020			Risk: Appetite	Tolerance	Level
3	4	Deteriorating public infrastructure and poor administrative delivery locally	Medium to high	Exceeding both appetite and tolerance	△

Capitals affected: FC MC HC

Strategic priorities affected: IS OC OE

Description and implications for value creation

Political instability, funding issues, inefficient administrative processes, insufficient supply capacity of utility suppliers, and poor maintenance, among other reasons, resulted in local municipalities not maintaining or upgrading infrastructure to required levels to support economic growth.

Response and mitigating actions

- → Monitoring demand to manage consumption and detect inefficiencies
- → Managing electricity and tariffs effectively
- → Ensuring properties are in well-serviced locations
- → Participating in industry-led lobbying of local councils
- → Expanding solar PV capacity and smart meters

2021 key developments

Municipal service delivery continues to deteriorate, exacerbated by the disruption to public sector service delivery caused by the various lockdown level restrictions. Eskom's ability to provide the power generation capacity necessary to support the economy remains a serious concern with numerous bouts of loadshedding experienced during the period and no outlook for improvement.

Opportunities arising from this risk

- → Building efficiencies to reduce reliance on municipally supplied utilities through innovative and green solutions
- → Developing relationships with appropriate management in local councils to identify opportunities to collaborate to improve delivery

2020			Risk: Appetite	Tolerance	Level
8	5	Increased competition for tenants	High (aggressive)	Within appetite but exceeding tolerance	△

Capitals affected: FC MC SRC

Strategic priorities affected: IS OE

Description and implications for value creation

The current market and economic context resulted in increased competition for tenants, capital, and property assets, with dampened demand and increases in the supply of space. Increases in vacancies and rental reversions ultimately lead to lower rental income and negatively impact on property values.

Response and mitigating actions

- → Appropriate sector and geographical diversification of assets and exploring alternative asset classes
- → Leasing and incentivisation strategy
- → Recycling of property assets
- → Reviewing credit criteria holistically
- → Reviewing tenants' concessions and tenant installation provisions where appropriate

2021 key developments

Fundamental shifts in consumer and working behaviour continue to affect our office and retail tenants' market and thus their demand for space.

Redefine's co-working offering is expanding, prompted by flexible office demand brought about by working from home.

Opportunities arising from this risk

- → Deepening stakeholder engagement and growing the Redefine brand
- → Driving innovative and data-driven projects to ensure we provide a reason for being in our spaces

2020			Risk: Appetite	Tolerance	Level
6	6	Inability to effectively manage our reputation	Low to medium	Within appetite	○

Capitals affected: HC SRC IC

Strategic priorities affected: GR OE ET

Description and implications for value creation

Increasingly, reputational issues have a direct impact on an organisation's ability to operate and create value. Our reputation could be affected by our people's actions, skills and competencies, processes we follow, where we operate, and changes to our regulatory landscape.

Response and mitigating actions

- → Actively tracking social media coverage and introducing a formal business social media policy
- → Following a stakeholder engagement process, with increased awareness training, crisis management, and a response plan
- → Reinforcing a tenant experience management programme
- → Continuously assessing governance and ethical leadership and conduct, which, in turn, create sustained value
- → Reviewing the effectiveness of the Redefine compliance programme

2021 key developments

The incident at The Boulders Shopping Centre in March 2021 accentuated how our suppliers can directly influence our brand and that continuing engagement is critical to protecting our communities and reputation. It also highlighted the speed and breadth of social media reach and the importance of being highly responsive. This has also necessitated further introspection and revitalisation of all our human rights-related policies and practices.

Opportunities arising from this risk

- → Explore sustainable value creation initiatives in communities where we operate, through an ongoing meaningful and proactive engagement approach

△ Elevated risk | ☐ Emerging risk | ○ Static risk | ▽ Reduced exposure

Risks and opportunities

CONTINUED

2020		Risk:	Appetite	Tolerance	Level
9	7	Inability to be environmentally resilient	Medium to high	Within appetite but exceeding tolerance	○

Capitals affected: FC MC SRC IC NC

Strategic priorities affected: GR IS OC OE ET

Description and implications for value creation

Climate change and the resilience of our property portfolio to its effects pose a risk to the business. Increasingly, the interconnected and lasting impacts of climate change are placing pressure on businesses to minimise impact and ensure that their future operating models will remain relevant as consumers shift behaviours to minimise their carbon impact.

Response and mitigating actions

- → Developing a comprehensive due diligence process that includes environmental and sustainability risk assessments
- → Measuring the performance of new, acquired assets against environmental sustainability measures
- → Engaging stakeholders to understand their needs and concerns
- → Investing in green technology
- → Engaging with our tenants to ensure they reduce their impacts
- → Tracking government budgets and infrastructure planning

2021 key developments

The increased threshold for self-generation of renewable energy from 1 MW to 100 MW has enabled us to approve new solar projects at 13 of our properties, which will add a further 13.5 MWp to increase our total estimated installed solar capacity to 39.8 MWp.

Opportunities arising from this risk

- → Deepening our understanding of ESG and our impacts
- → Broaden our funding base by accessing sustainability-linked finance
- → Embedding ESG into our strategy and new developments
- → Increasing solar PV capacity
- → Raising sustainably-linked capital to fund our ESG activities

2020		Risk:	Appetite	Tolerance	Level
10	8	Inability to prevent computer fraud and respond to cyberattacks	Medium to high	Within appetite but exceeding tolerance	△

Capitals affected: FC MC HC SRC IC

Strategic priorities affected: GR OC ET

Description and implications for value creation

Cybersecurity is a growing priority as hackers become more sophisticated, with risks accelerated by **COVID-19** and higher levels of remote working. The potential cybersecurity breaches and attacks, including information theft, ransomware and malware, pose a threat to our reputation and ability to maintain operations.

Response and mitigating actions

- → Continuously investing in cybersecurity awareness, prevention and security best practices as part of our culture
- → Developing a clearly defined cyber resilience programme to safeguard data and infrastructure assets
- → Enhancing data governance and privacy practices
- → Implementing an effective business continuity management programme
- → Proactively managing third parties and vulnerability scanning
- → Continually enhancing our business continuity management programme

2021 key developments

During the year, an information technology (IT) penetration test was conducted and largely due to the migration to the cloud, we were able to leverage off the cloud technology and security parameters, which reduced the level of severity of 4 and 5 vulnerabilities by 70% and 90%, respectively.

Opportunities arising from this risk

- → Exploring innovative, disruptive technologies to enhance our offering to tenants

2020		Risk:	Appetite	Tolerance	Level
11	9	Long-term impact of failing to transform at an acceptable pace	Medium to high	Within tolerance	○

Capitals affected: FC MC

Strategic priorities affected: GR IS OC OE

Description and implications for value creation

While it is challenging to maintain and comply with all aspects of BBBEE, especially since we are expecting additional amendments thereto, we understand that BBBEE compliance and transformation at an acceptable level and pace are critical for us to provide sustained value to all our stakeholders.

Response and mitigating actions

- → Implementing and monitoring of the transformation strategy, while keeping abreast of any changes in the legislation and scorecard
- → Establishing a BEE committee to continuously assess and drive areas of improvement through operational improvements

2021 key developments

During the year, we undertook a strategic review to ensure we revised our strategy to adapt to the changing landscape.

Opportunities arising from this risk

- → Aligning strategic and operational objectives to transformation goals

2020		Risk:	Appetite	Tolerance	Level
5	10	Financial market volatility	High (aggressive)	Within appetite but exceeding tolerance	▽

Capitals affected: FC MC

Strategic priorities affected: IS OC OE

Description and implications for value creation

Unprecedented global events, including **COVID-19** and its associated economic shutdowns, have increased the financial volatility in the market. This impacted on tenant demand for space, increased the potential for tenant defaults, and affected the availability and cost of capital.

These factors may unfavourably affect our ability to achieve our targeted growth and liquidity levels and could lead to diminished asset values, damage to reputation, and loss of shareholder confidence. Volatility in financial markets is expected to continue and could negatively affect property capitalisation rates and our ability to raise funding.

Response and mitigating actions

- → Simplifying our risk universe through strategic divestment
- → Limiting speculative development
- → Strengthening our balance sheet
- → Carefully managing liquidity through recycling capital, hedging and diversifying funding sources
- → Proactive performance monitoring through regular forecasting and scenario analysis
- → Offering rental relief to tenants hardest hit by lockdown restrictions
- → Spreading the debt maturity profile and geographical diversification

2021 key developments

The South African Reserve Bank narrowed its target inflation range, which resulted in the interest rate policy shifting to a hiking cycle (which is the trend globally).

It is anticipated that the hiking cycle will lead to a gradual increase in interest rates in the short to medium term and may impact funding costs.

Opportunities arising from this risk

- → Recycling property assets to develop a defensive asset base

△ Elevated risk | ☐ Emerging risk | ○ Static risk | ▽ Reduced exposure

Our operating context

2021 was characterised by a challenging operating environment with subdued property fundamentals, low growth, and evolving stakeholder needs. These trends are here to stay for the medium term, and we have seized the opportunity to reset every aspect of what we do.

Our materiality process applies INTEGRATED THINKING to identify matters that could influence our ability to create value in the short, medium and long term. Five megatrends stood out as the broader themes under which our material matters were classified, and our strategy is responsive to these.

Refer to our strategy on pages 58 to 64 for more details on our strategic response.

Uncertain geopolitical and socio-economic growth factors

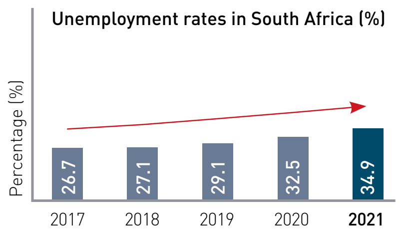
Redefine is exposed to the risks and opportunities inherent in both our local and international operating environments. This context requires an agile approach to how we do business.

Challenges and risks

South Africa	Poland
5.0%[1]	5.1%[3]
34.9%[2]	5.6%[4]

🟧 Gross domestic product (GDP) growth

🟦 Unemployment


Unemployment rates in South Africa (%)

How this affects our strategy

- → We continue focusing on our strategic priorities and real estate and related investments, and we manage the variables under our control as we wait for future expected returns through the cycle
- → Accelerated reorganisation of our property asset platform focuses our attention on organic capital growth in favourable sectors
- → Increased focus on identifying, prioritising and integrating ESG considerations into our strategy and daily operations

GR IS

South Africa

- → The socio-economic context, exacerbated by COVID-19, is characterised by low GDP growth and high levels of unemployment
- → Existing macrofinancial risks continue to increase due to the high levels of government debt, coupled with COVID-19-related expansionary fiscal and monetary policies. The resultant downgrade to sub-investment grade with a negative outlook poses a risk to debt stabilisation
- → The deterioration of public infrastructure, loadshedding and poor service delivery continue
- → Business and consumer confidence remains low due to the slow economic recovery exacerbated by policy and political uncertainty
- → There is increased competition for tenants, critical skills, capital and property assets
- → The COVID-19 vaccine roll-out is critical to achieving population immunity, reducing lockdown measures, and supporting economic recovery

International (Poland)

- → The global macroeconomic outlook is characterised by extreme market instability and heightened geopolitical tensions, which have added further momentum to the deglobalisation trend and protectionist behaviour
- → Following the global recession triggered by COVID-19, the global economy is expected to expand 5.6% in 2021, largely on strong rebounds from a few major economies[5]
- → Poland's GDP is expected to recover to pre-COVID-19 levels in 2022, supported by strong macroeconomic fundamentals

Refer to manufactured capital on **page 81** for more information on our South African and Polish operations and sector trends.

The evolving role of business in creating a prosperous and sustainable society

Global environmental and social challenges require urgent attention at country and business level. This is driven by the risk to our planet and society and trends for improved business and property approaches. Furthermore, it provides an opportunity to futureproof our business and increase our resilience.

Challenges and risks

- → A global infectious disease pandemic and the increasingly severe effects of climate change are growing concerns for property owners and investors
- → Climate change could result in capital depreciation due to damage by extreme weather events
- → Urban environments are threatened by increased air pollution and the rapid loss of green space and biodiversity

How this affects our strategy

We integrate long-term ESG factors into our operations – from the initial investment and throughout their life cycles, driven by our strategic moonshot goal – in this decade to deliver the most sustainable and smartest spaces the world has ever known. We endeavour to embed climate risk management into our business strategy and stakeholder relationships. We are looking to harness technology, data and innovation to identify solutions that increase our efficiency and reduce our consumption. We work with communities to co-create solutions to the challenges they face.

GR OE

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[1] https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/OEMDC/ADVEC/WEOWORLD

[2] https://tradingeconomics.com/south-africa/unemployment-rate

[3] https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/OEMDC/ADVEC/WEOWORLD

[4] https://tradingeconomics.com/poland/unemployment-rate

[5] www.worldbank.org/en/news/press-release/2021/06/08/world-bank-global-economic-prospects-2021

Business model adaptability to the rapidly evolving context

Our changing context includes a broad range of evolving trends – such as shifting tenant and consumer behaviour, the digital evolution, and disruption and cyber risks – with equal opportunities for innovation and agility. We are reviewing and resetting every aspect of what we do to ensure that our business model remains relevant, while creating and managing spaces in a way that positively changes lives.

Challenges and risks

- → COVID-19 has exacerbated social and economic issues, driving structural shifts in the property market
- → Changes in office usage include downsizing, consolidations, business failures, remote working and corporate restructuring
- → We expect to see further growth in the coworking office environment, as loadshedding and a lack of data connectivity hamper employees' ability to work from home
- → The continued growth of online retail sales and changes in retail technology and consumer behaviour are reshaping physical stores
- → Technology presents an opportunity across the property sector for those who can leverage its potential, such as using data to optimise building performance and reach environmental goals

How this affects our strategy

Sustainability permeates everything we do to remain relevant. We aim to embrace technological disruption, welcome innovation and continuously evolve.

While our business model remains largely the same, our goals are clear – to build a business that is customer-centric, purpose-driven, agile and resilient, data-driven, innovative and inclusive. This includes building in the mindset and agility to respond to long-term property trends, such as considering using technology to shift the focus from the bricks and mortar of property portfolios to the idea of space as a service.

We will continue building an asset platform that remains relevant to its users by continuously improving, expanding and protecting our portfolio.

IS OE ET

Heightened demands on governance and regulatory context

Sound governance and compliance are central to a business's reputation and licence to operate. However, regulatory and policy developments remain a challenge across our markets, as the regulatory landscape continues to evolve at an unprecedented rate with increasingly stringent requirements.

Challenges and risks

- → Diminishing public trust – South Africans believe that institutions need to focus on rekindling trust and demonstrating a willingness to collaborate and take collective action to bring the nation back to prosperity
- → In a low trust environment, sound governance practices are critical to building trust, protecting value and preventing corporate failures
- → Tighter regulations at municipal and national level are driving sustainable building practices

How this affects our strategy

We believe that our responsibility extends beyond compliance. Proactively identifying relevant, existing and emerging legislation is critical to ensuring compliance.

Redefine entrenches corporate governance and ethics awareness in the business and continuously refines the compliance, risk management and combined assurance approach.

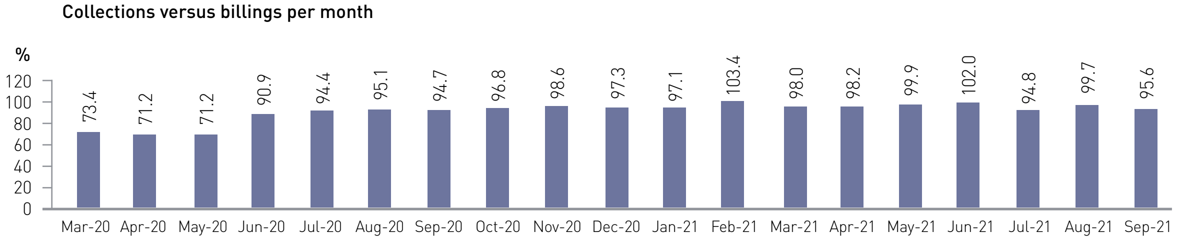
We are committed to the 10th principle of the UNGC of embedding anti-bribery and anti-corruption practices in the organisation.

We believe strong, ethical leadership is key to our success. The board comprises a majority of independent non-executive directors, who exercise oversight of our business activities, thus guarding against corporate failure.

GR ET

Managing for sustainability

COVID-19 has amplified the need to enhance the resilience of our business due to its uncertain impact and duration. As a result, we carefully manage our financial and manufactured capital to ensure long-term sustainability due to the resultant liquidity constraints in a challenging economic environment and consequent volatility in property valuations.


Collections versus billings per month

Challenges and risks

- → The property industry has been negatively affected by the pandemic, with the severity largely dependent on region and asset class
- → Property owners are concerned with preserving value and liquidity, keeping tenants and visitors safe, and complying with lockdown regulations.
- → Of major concern is tenant liquidity pressures, increased arrears and increased vacancies[6]
- → COVID-19 has impacted Redefine's average cash collections and rental relief and deferrals for 2021, which amounted to R60.7 million (2020: R318.3 million)

How this affects our strategy

We remain focused on safeguarding our business, protecting assets, reshaping funding sources within the confines of scarce and costly capital, and minimising our exposure to the impact of COVID-19.

To improve our liquidity and ensure business resilience, we continue managing the variables under our control. Our disposal strategy simplifies and streamlines our investment property asset platform to lower our LTV and improve our financial position, while broadening our funding base. To this end, we issued our first sustainability-linked bond of R1 billion.

GR IS OC

Refer to risk and financial capital on **pages 41 and 77** respectively, for more information on our liquidity and financial position management.

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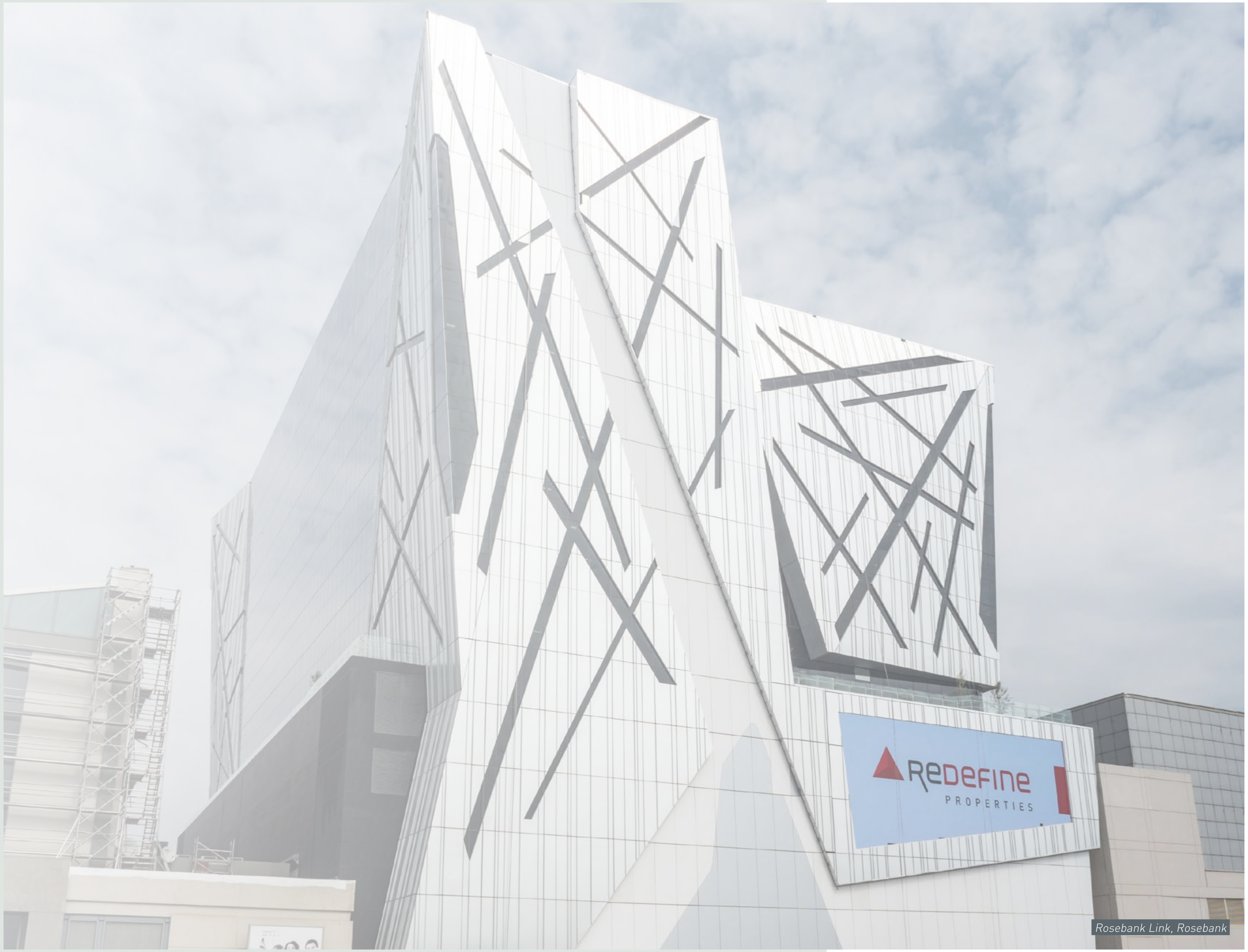
[6] https://www2.deloitte.com/za/en/pages/about-deloitte/articles/understanding- covid-19-s-impact-on-the-real-estate-sector.html



Rosebank Link, Rosebank

4

Responding strategically

ESG is at the heart of our value creation – it's a business imperative that is integrated into our strategy to ensure our long-term business sustainability.

Chief executive officer's review

Andrew König
CEO

Overview

As we reflect on FY2021, COVID-19 continued to drive the socio-economic factors that influence our performance, with the **global economy largely recovering on the back of the vaccine roll-out.** At the start of the year, the local economy showed signs of improvement driven by fewer restrictions on economic activity, low interest rates and the robust global recovery, which lifted commodity prices. However, conditions deteriorated dramatically in July, with the third wave of covid infections compounded by destructive civil unrest, resulting in a dip in confidence as well as economic growth in the last quarter of FY2021.

A strategic reset

COVID-19 continues to dominate the immediate macroeconomic landscape (both locally and abroad) and what might be hardest to determine is what its permanent consequences will be on how we work, play and live.

As the uncertainties mount, it is too easy to shy away from long-term planning and focus on the short-term issues. That is why at times like these, our purpose acts as a compass; helping us navigate an ever-changing context. The pandemic has highlighted and amplified our challenges and vulnerabilities as a society. Growing inequality and unemployment are risks to the stability of our country. We simply must do more as a collective to address socio-economic transformation, so that we are no longer a nation of two economies. While it is imperative to protect our immediate sustainability, our ability to endure and thrive in these uncertain times is tied to the success of the stakeholders we serve.

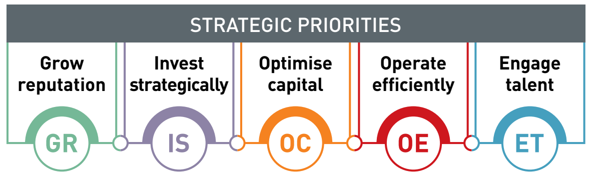
> **Our moonshot – *in this decade to deliver the smartest and most sustainable spaces the world has ever known.***

We believe that a post-pandemic recovery will go hand in hand with sustainable business practices. COVID-19 provided us with an opportunity to pause, assess and reset every aspect of what we do. The reality is that real estate cannot pivot overnight. We need to take action now to ensure we have laid the foundation to transform our business to be relevant and resilient in the future.

It is from this place that we embarked on a deep strategic review, culminating in the setting of our 10-year goal, what we term our moonshot.

This is a bold vision of who we want to be and what we want to deliver to our stakeholders in 2031. It is designed to help us move beyond incremental progress to transformative change, unlocking business value, building resilience and enabling long-term growth. Of course, this is no light undertaking, but we believe that our moonshot will act as a catalyst as we integrate it into our daily operations, ensuring the company adapts and innovates inclusively to meet new and evolving demands.

The execution of our strategy continues to centre around our five strategic priorities that guide our decision-making. Within this framework, we have also identified five critical pathways that we believe are necessary to harness the collective power of Redefine to contribute to the creation of a more inclusive, sustainable and resilient operating context. By extending ESG into all aspects of what we do, we seek to be a force for good. We will actively embrace technology as an enabler rather than see it as a disruptor. We look to foster innovation through diversity and to reposition our asset platform within the confines of scarce and costly capital to be relevant to our stakeholders' evolving needs.


STRATEGIC PRIORITIES

Grow reputation	Invest strategically	Optimise capital	Operate efficiently	Engage talent
GR	IS	OC	OE	ET

For a more detailed understanding of our strategy – refer to pages 58 to 64.

Placing risk at the core of our decision-making

In a fluid operating context, a forward-looking risk management capability is crucial for proactive risk management, with risk appetite and tolerance at the core of our decision-making. This will ensure that management and the board have a balanced view of risks and opportunities to make informed strategic choices and deliver sustainable value for our stakeholders.

For a more detailed understanding of how we manage risks and identify opportunities – refer to page 41.

Reflecting on our performance in 2021

Due to its uncertain impact and duration, COVID-19 has amplified the need to enhance sustainability and promote the agility of our business. To achieve this, we must manage the short-term impact on our liquidity while making long-term decisions to protect our sustainability and resilience.

Reducing our LTV remained our top priority, with the ratio reducing from 47.9% to 41.6%, which is still just outside of our comfort zone. Building on the work undertaken in 2020, we continued our non-core asset disposal programme as we move towards an LTV of sub-40%. In this regard, we disposed of local non-core properties (including our local student accommodation portfolio and interest in Respublica) to release R2.2 billion and the sale of our Australian student accommodation returned R2.8 billion during the year.

We have worked to simplify our asset platform to enable visibility about future income generation and predictability to demonstrate that the business is sustainable. Our trimmed and simplified local and offshore property platforms have de-risked our balance sheet and simplified our risk universe.

For the year under review, distributable income increased by 2.8% to 52.96 cents per share, and recurring income increased by 4.5%. TNAV improved by 2.5%, while property asset values decreased by R8.1 billion to R72.9 billion primarily due to disposal activity, rand depreciation and negative fair value adjustments. Our local property assets were valued at R60.3 billion (2020: R65.4 billion), and our international real estate investments were valued at R12.6 billion (2020: R15.6 billion), representing 17.3% (2020: 19.3%) of our total property assets.

Despite the tough operating environment, the business remained highly cash generative, with R5.8 billion in committed access facilities and cash on hand compared to R2.8 billion in 2020. The improvements to our liquidity position us well to capture potential opportunities that emerge from the operating context, as well as resume dividend payments.

Chief executive officer's review

CONTINUED

A diversified property platform

The performance of our portfolio has once again highlighted the importance of a sectoral and geographically diversified platform to create value over time by spreading risk and protecting growth through the cycles.

Despite being affected by the various levels of lockdown and the July 2021 civil unrest, our **retail portfolio** experienced a steady recovery. The footfall and tenant in-store activity suggest that the very pessimistic outlook at the height of COVID-19 and the lockdowns was unwarranted. Online retail continues to evolve, but most retailers are embracing a dual strategy, and we are looking at how we can enable this, as it is important that in-store experiences be enhanced.

While economic fundamentals have not been kind to the **office market**, with severe lockdowns impacting the place of work, there are signs of mobility returning on the back of the vaccination drive. A heightened vaccination roll-out will support confidence, and we are seeing more people return to physical workspaces. We need to ensure that we support corporates as they adapt to the new normal, including how they look to use their space, and promote the business and personal benefits of people re-embracing working from safe office environments.

The **industrial portfolio** remains very resilient, notably due to increased warehousing and distribution activity due to the supply chain optimisation and the establishment of data centres.

From an operational perspective, the quantum of the damage caused by the recent looting and unrest is fortunately less severe than we initially thought, with the rebuilding and reinstatement of properties set to happen faster than anticipated. Redefine has adequate South African Special Risks Association insurance cover for the reinstatement cost and any losses of income during rebuilding. However, from a strategic perspective, social unrest remains one of our top risks. Our goal is to move from social investment to involvement and innovation to create a more sustainable future. We are committed to working with our communities to ensure we are seen not only as critical partners but as partners co-creating solutions that drive real empowerment.

Our government lifted the threshold for private energy production without a licence from 1 MW to 100 MW, which offers an exciting opportunity for solar PV projects, as we expect to expand by a further 13.5 MWp across our portfolio. This further entrenches our broader ESG ambitions, while we aim to achieve greater security over electricity supply.

Offshore, the logistics platform continues to expand by way of development activity, and valuations are benefiting from strong investor demand. The logistics outlook in Poland remains particularly promising as ecommerce and logistics chains continue growing in the post-pandemic environment.

Harnessing the power of ESG

An ongoing journey for us as a business has been how we can deepen our understanding of sustainability, which we believe is a critical enabler of value creation throughout our business. We have long said that embedding **INTEGRATED THINKING** in the business is a journey. As social and environmental concerns, such as climate change, growing inequality and the risk of civil unrest, manifest, and if we truly want to be a force for good and create a more sustainable operating context, we must accelerate this journey – understanding that sustainability is beyond going green to challenging every decision we make and shifting from incremental to transformational change. This will be achieved by driving our UN SDG commitments and further entrenching an integrated understanding of value creation in the business.

Building a resilient and innovative team

We have often said that our relational approach to business sets us apart. This starts with our people, who are our brand ambassadors, representing the Redefine brand in each and every interaction they have. This past year has been challenging for our people, as remote working, ongoing lockdowns and general anxiety regarding the future have impacted their well-being. To address this, we focused on increasing our engagement and support, even while our people worked remotely. Through bespoke programmes aimed at supporting them in managing relationships, stress and COVID-19 burnout, we strive to enhance their personal resilience in a challenging time.

Reflective of our commitment to innovation, our Young SDG Innovator team participated in the 10-month accelerator programme, designed to activate future business leaders to develop and drive innovative solutions. They were selected to present their UN SDG solution in the Young SDG Innovators Summit's Global Solution Showcase.

Looking ahead, we expect that change will be a constant part of the landscape and, as such, we need to move away from linear thinking and embrace change in a fluid environment. Increasingly, we are embracing diversity and inclusion as a differentiator and realising the benefits of this. True diversity of thought has been tied to improved value creation and will be a critical part of achieving our moonshot. To support our business goals, we need people who are adaptable to the requirements of the new operating context – people who are equally able to learn the necessary new skills as well as unlearn old ways of working.

Appreciation

I'd like to extend my appreciation to my fellow board members for their guidance and support – thank you for your trust in us as a management team. To our stakeholders, we thank you for your continued support and collaboration. Finally, my thanks go out to the entire Redefine team. This was an incredibly challenging year for us on multiple levels, but despite this our team continued to work tirelessly to serve our stakeholders and help build a future of which we can all be proud.

Looking beyond

The outlook depends not only on the outcome of the battle between the virus and vaccine but also on the effective deployment of economic policies to limit damage and restore confidence. This means that subdued property fundamentals and low growth are here to stay for the medium term. We simply cannot allow this to distract us from executing our strategic priorities. We remain focused on what matters most and continue to put our purpose and people at the heart of what we do to position Redefine for the eventual upward cycle. We responded to the challenges created by COVID-19 by resetting all aspects of what we do and must now harness this new stance with vigour to play our role in rebuilding South Africa and creating a future-fit business that truly embodies ESG.

As the property sector recalibrates to a post-pandemic world, I believe our agility and adaptability will differentiate us.

Strategic overview

Evolving to remain relevant to changing stakeholder value expectations

Although subdued property fundamentals and low growth persist, we have continued to execute our strategic priorities, while resetting our focus through the formulation of our 10-year moonshot.

Short- to medium-term priorities

Our strategy is executed through five strategic priorities, which are designed to deliver our purpose and create value in the short, medium and long term. Within these priorities, we have identified key focus areas with the anticipated outcomes as more fully described below.

Long-term priorities (2021 to 2031)

We operate in a long-term asset class. We therefore deeply consider the impacts of our choices, so that they make a lasting impact, and incorporate ESG considerations into every aspect of our business.

Strategic priorities 2022

- → Create a platform for ecosystems of talent, technology and information
- → Continuously improve, expand and protect our domestic portfolio
- → Recycle capital through the sale of non-core assets
- → Unlock value through active asset management and development opportunities in Poland
- → Drive innovative and data-driven projects to ensure we provide a reason for being in our spaces
- → Continue to embed ESG in all aspects of what we do
- → Better our understanding of our stakeholders' needs to ensure that their impact on us and our impact on them create sustained value
- → Blend human and technology capabilities to be better

How we measure the delivery of sustained value year on year

Our integrated, long-term approach to strategy enables us to increase our total return through improved cash flow to deliver sustained value for all our stakeholders. Our primary long-term objective is to increase our total return through improved cash flow to enable us to deliver sustained growth for all stakeholders.

How we create value:	**Dividend per share + TNAV growth per share**
Target:	**Annual average risk-free rate plus 300bps* = 10.2%** (2020: 11.2%)
How we measure up:	**2021: 11.1%** (2020: -24.3%) R ▲/▼

Inputs:		FY2021	FY2020
	Dividend per share	60.1	–
	Year-on-year change in TNAV	18.4	-229.1

R Link to executive directors' remuneration | ▼ Negative outcome | ▲ Positive outcome

Future strategy

Redefine's moonshot

In this decade to deliver the smartest and most sustainable spaces the world has ever known

Five strategic pathways (**page 64**):

1. Delivering diversity, equity and inclusion
2. Being bionic
3. Being a force for good
4. Creating ecosystems
5. Being explorers and innovators

How we'll get there

If we focus on purpose and people, profits will follow

Our long-term goal is to increase our total return through improved cash flow, however, we understand that financial value is not created in isolation. We are committed to creating broader value for the societies in which we operate by embedding ESG considerations into all areas of our business and deepening our commitment to our identified UN SDGs.

We have identified primary and secondary UN SDGs based on their relevance to our business. Our eight primary UN SDGs are those most relevant to Redefine's business, within the broader industry and national context. Our five secondary UN SDGs are those goals that are material to South Africa and the local real estate industry. These UN SDGs were also selected because they will help us achieve our primary UN SDGs.

Primary UN SDGs

- 3 GOOD HEALTH AND WELLBEING
- 5 GENDER EQUALITY
- 7 AFFORDABLE AND CLEAN ENERGY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 11 SUSTAINABLE CITIES AND COMMUNITIES
- 13 CLIMATE ACTION
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Secondary UN SDGs

- 4 QUALITY EDUCATION
- 6 CLEAN WATER AND SANITATION
- 10 REDUCED INEQUALITIES
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 17 PARTNERSHIPS FOR THE GOALS

This year, we have

- → Identified KPIs and targets for each UN SDG
- → Aligned them to our stakeholders' needs
- → Committed to our 2022 priorities in our UN SDG roadmap

Please refer to our ESG report for more information regarding the UN SDGs and our commitments to them.

**As we are operating in a persistently low-growth environment, the board has refreshed the targeted total return. More details are available in our ESG report*

Performance against our strategy

INTEGRATED THINKING

Our strategy is responsive to our **material themes** and the **matters** that they comprise. Our value creation sections on **pages 75 to 124** detail how we're managing these material matters.

To execute our strategy, we use the pools of **capitals** available and, in turn, our strategy impacts on these capitals. We carefully monitor this process to ensure the ultimate outcome is enhanced value creation for our stakeholders.

We are also committed to delivering a positive impact on our identified **UN SDGs**. We not only identify the link between our strategic matters and the UN SDGs but also strive for ongoing improvement in each UN SDG by setting KPIs and targets.

Furthermore, we use relevant KPIs linked to our **remuneration strategy** to measure our performance against our strategic priorities.

Each of these integrated elements of our business approach is indicated in the strategic performance tables that follow.

GR Grow reputation

Overview

Why it matters most

Related material themes:

Our brand and reputation form the perception of who we are to our stakeholders and are critical to our ability to build relationships based on mutual trust and respect. In every interaction and in all our business activities, we are committed to growing our reputation. This includes our people-centric approach to business and our commitment to being a force for good, contributing to the UN SDGs, embedding ESG and delivering excellence aligned with our stakeholders' expectations.

Resource allocation

During 2021, we invested in deepening our stakeholder engagement, better understanding our stakeholder universe, and deepening our ESG commitment.

Capitals employed: FC MC HC SRC IC NC

Contributing to our long-term objectives

The success of our properties is dependent on our communities. By engaging in informed, targeted initiatives that create mutual benefit for Redefine and our stakeholders, we ensure the long-term resilience of our operations in our challenging socio-economic context.

Primary UN SDGs: 3 5 11 16

Secondary UN SDGs: 17 10

Unpacking our progress

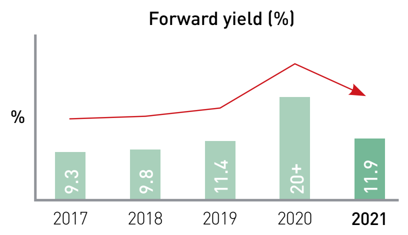
Measuring performance (long term)

KPI:	Forward yield	R
Target:	Forward yield of **equal or less than R186**	▼

Why this KPI is important

Our 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



2021 outcomes

Delivering on these key measures nurtures our reputation and ultimately creates and preserves value for stakeholders.

10.0% total return to shareholders (2020: -18.8%)	+	BBBEE level 1 rating (2020: level 3)	+
Achieved a **88th** percentile ethical maturity score from The Ethics Institute	+	First SA REIT to become a signatory to the UNGC	+
123 Green Star SA certifications (2020: 101)	+		

Looking ahead

2022 focus

- → Focus on the diversity of our operations
- → Introduce climate resilience framework
- → Embed ESG in our stakeholder relationships

Anticipated outcomes

- → Inclusive corporate culture
- → Mitigate exposure to climate risk in our portfolio
- → Responsible investment in stakeholder relationships

Outcomes

▲ Positive outcome	▼ Negative outcome	▬ In progress	R Link to executive directors' remuneration

Value indicator

= Value preserved	+ Value created	− Value eroded

INTEGRATED THINKING

IS Invest strategically

Overview

Why it matters most

Related material themes:

As seasoned property and financial professionals, we use our extensive experience to make strategic investment decisions about allocating our capitals to create sustainable value for our stakeholders – creating smart and sustainable spaces.

Resource allocation

We allocate financial capital where we believe the best market opportunities lie and reduce risk by managing a diversified property portfolio across our key geographies and sectors. We invest financial capital strategically into the development of new income streams to leverage our real estate portfolio and in environmental and social imperatives across our portfolio to remain relevant and safeguard sustainability.

Capitals employed: FC MC IC NC

Contributing to our long-term objectives

Our business sustainability is reliant on the well-being of our planet and our society. As such, our capital allocation decisions must consider our investments' long-term consequences. Where possible, we consider innovative development solutions and invest in greening our buildings and implementing renewable energy solutions.

Primary UN SDGs: 7 8 13

Secondary UN SDG: 17

Unpacking our progress

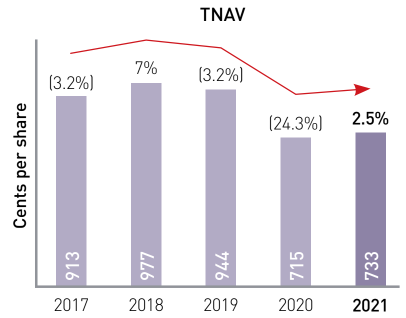
Measuring performance (long term)

KPI:	TNAV per share	R
Target:	One third of total targeted return	▼

Why this KPI is important

For Redefine, TNAV is a key indicator of the organic growth of our actively managed capital base, which demonstrates the effectiveness of our investment strategy and serves as an indicator of business sustainability. TNAV is the value of an entity's tangible assets less the value of its liabilities, and the most common way to determine the value of a REIT.

Five-year trend

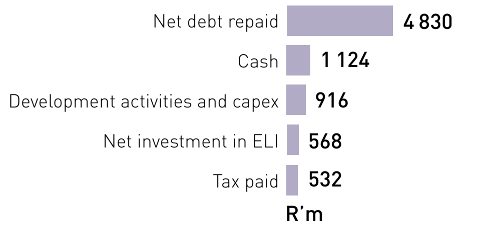


2021 outcomes

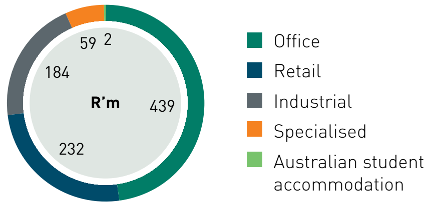
Delivering on these key measures nurtures our reputation and ultimately creates and preserves value for stakeholders.

Property asset disposals realised **R5.0 billion** (2020: R5.0 billion)	−	Reduced currency and geographic exposure	+
Offshore expansion totalled **R0.6 billion** (2020: R1.3 billion)	+	Local development and capex totalled **R0.9 billion** (2020: R1.5 billion)	+
TNAV improved by **18.4** cents (2020: declined by 229 cents) to **733.2** cents (2020: 714.9 cents) per share	+	**R6.2 billion** property asset disposals at an advanced stage	+
Transformation of asset platform largely complete	+	Bulk of development spend to expand logistics	+

Capital deployed: R8 billion



Capital allocated to developments and capex



Looking ahead

2022 focus

- → Re-evaluate every property asset's capital growth prospects
- → Focus on opportunities to expand income base
- → Create spaces for people to live, work and socialise sustainably

Anticipated outcomes

- → Position asset platform for organic capital growth
- → Build sustainable revenue growth platform
- → Attract and retain quality tenants

Performance against our strategy

CONTINUED

INTEGRATED THINKING

OC Optimise capital

Overview

Why it matters most

Related material themes:

Our ability to invest in the right property investment opportunities and meet operational requirements is dependent on our access to funding. Optimising our capital funding model allows us to deploy scarce financial capital to create value for our stakeholders. To do this, we need to responsibly manage our exposure to interest rate and currency volatility and ensure our existing portfolio is optimally funded to increase our returns and ensure sustained and predicable growth.

Resource allocation

We are reshaping our funding sources within the confines of scare and costly capital. This requires 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 portfolio. At the same time, we are creating new funding sources, such as our sustainability-linked bond issuance.

Capitals employed: FC MC

Contributing to our long-term objectives

Strengthening our financial position to build a diversified and sustainable capital structure through disciplined allocation of scarce capital ensures we have the necessary resources to support our long-term ambitions. Further embedding sustainability initiatives and our UN SDG commitments into operations and strategies allows us to access alternative sources of sustainability-linked funding and investment.

Primary UN SDGs:

Secondary UN SDG:

Unpacking our progress

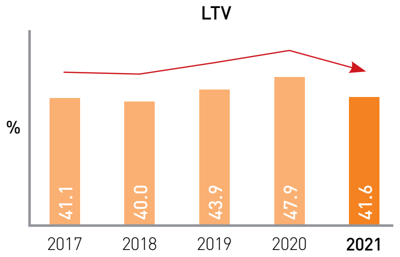
Measuring performance (long term)

KPI:	LTV	R
Target:	Maintain LTV ratio between 38% to 40%	▲

Why this KPI is important

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

Five-year trend



2021 outcomes

Delivering on these key measures nurtures our reputation and ultimately creates and preserves value for stakeholders.

Committed undrawn facilities and cash on hand of **R5.8 billion** (2020: R2.8 billion)	+	Interest hedged on **82.8%** debt (2020: 81.4%)	−
Average cost of debt increased by **20**bps to **6.2%** (2020: 6.0%)	−	Launched a sustainability-linked bond to broaden funding sources and open new pockets of liquidity	+
Interest cover ratio at **2.6x** (2020: 2.6x)	=		

Looking ahead

2022 focus

- → Optimise funding model
- → Broaden funding sources
- → Maintain low-risk balance sheet

Anticipated outcomes

- → Create a sustainable capital base
- → Continue declaring dividends
- → Improve access to and cost of capital

Outcomes

▲ Positive outcome ▼ Negative outcome ▨ In progress R Link to executive directors' remuneration

Value indicator

= Value preserved + Value created − Value eroded

INTEGRATED THINKING

OE Operate efficiently

Overview

Why it matters most

Related material themes:

Operational efficiency is about finding the best possible way to utilise the capitals at our disposal. In a tough operating context, our ability to operate efficiently, by managing those variables under our control, protects our cash flow and enhances our resilience.

Resource allocation

We allocate financial and human capital to greening our buildings to optimise energy, water usage and recoveries to maintain operating margins and address growing natural capital deficits. Facilities and utility management interventions to further improve operational sustainability also require additional human capital and financial capital investment.

Capitals employed: FC MC HC NC

Contributing to our long-term objectives

In a resource-scarce environment, using our capitals more efficiently supports our long-term sustainability. Improving our buildings' efficiency through innovation and technology has long-term financial benefits for us and contributes to creating more sustainable societies. In preparing for the future, we are building a bionic mindset that blends human and technology capabilities by harnessing new data and machine technologies to create the smartest spaces, achieve operational excellence, improve our resource efficiency, and demonstrate a meaningful return on investment.

Primary UN SDGs:

Secondary UN SDG:

Unpacking our progress

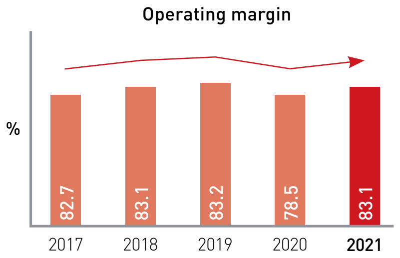
Measuring performance (long term)

KPI:	**Net operating income** (NOI) margin	R
Target:	Between 80% and 85%	▲

Why this KPI is important

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

Five-year trend



2021 outcomes

Delivering on these key measures nurtures our reputation and ultimately creates and preserves value for stakeholders.

Active portfolio occupancy improved to **92.9%** (2020: 92.7%)	+	Tenant retention rate by GLA at **89.4%** (2020: 92.1%)	−
Total solar PV capacity increased to **26.3** MWp (2020: 25.9 MWp)	+	Non-recurring income reduced to **0.8%** (2020: 2.4%) of distributable income	+
411 481m² renewed (2020: 509 390m²) at an average reversion of -**12.7%** (2020: -4.6%)	−		

Looking ahead

2022 focus

- → Optimise operational efficiency
- → Seek sustainable income-earning opportunities
- → Harness technology

Anticipated outcomes

- → Positioned to absorb competitive leasing environment
- → Organic income growth
- → Achieve operational excellence in all aspects of what we do by accelerating the digital opportunity

Performance against our strategy

CONTINUED

INTEGRATED THINKING

ET Engage talent

Overview

Why it matters most

Related material themes:

We believe our people-centred business approach differentiates us in the market. We are focused on embracing diversity and improving equality and inclusion in our workforce as this drives the diversity of thought, innovation and creativity needed in the future place of work. We strive to recruit and develop individuals who have the right qualifications, know-how and people skills necessary to support our relationally driven business. We promote and prioritise our employees' health and wellness, particularly in the face of our current socio-economic challenges.

Resource allocation

Investing financial capital, human capital and time in our staff training and engagement initiatives drives not only employee productivity, contribution and engagement but also our brand and reputation.

Capitals employed: FC HC IC

Contributing to our long-term objectives

We are committed to building a workforce that reflects our long-term goals for a prosperous and equitable society and meets the needs of our future data-driven business model. We invest in our employees' development, implement relevant policies, and have wellness programmes in place to support our employees' personal and professional growth.

Primary UN SDGs: 3 GOOD HEALTH AND WELLBEING, 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH

Secondary UN SDGs: 4 QUALITY EDUCATION, 10 REDUCED INEQUALITIES

Unpacking our progress

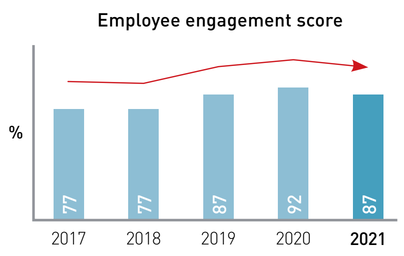
Measuring performance (long term)

KPI:	**Engagement score**	R
Target:	**Maintain or improve** previous year's engagement score	▼

Why this KPI is important

Engagement score refers to the 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 conducted by an external service provider.

Five-year trend



2021 outcomes

Delivering on these key measures nurtures our reputation and ultimately creates and preserves value for stakeholders.

294 learners completed our learnership programme since 2013 (2020: 244 learners)	✚	**No retrenchments or salary cuts** during lockdowns	=
18 672 man-hours of training and development (2020: 13 172 man-hours)	✚	**Certified as a Top Employer**	=

Looking ahead

2022 focus

- → Build a resilient workforce
- → Fast-track flexible working policies
- → Embed diversity into culture

Anticipated outcomes

- → Move away from linear thinking and embrace change
- → Be adaptable to a fluid working environment and working in an agile way
- → Harness the power of inclusion and diversity of thought

Outcomes

▲ Positive outcome	▼ Negative outcome	■ In progress	R Link to executive directors' remuneration

Value indicator

= Value preserved	✚ Value created	━ Value eroded

Our future strategy

Strategy means that the Redefine of tomorrow will operate very differently from the Redefine of today

COVID-19 has provided us with the opportunity to reset every aspect of what we do. This included reviewing our strategy with the mindset of how we can ensure our long-term relevance and sustainability while harnessing the power of Redefine in contributing to a more equitable and sustainable world.

The result of this is our long-term, 10-year moonshot vision, which aims to move us beyond incremental progress to transformative change.

How we will get there

We have identified five strategic pathways that flow across all our business areas and are imperative for achieving the moonshot and, ultimately, our purpose – to create spaces in a way that changes lives.

Redefine's MOONSHOT

In this decade to deliver the smartest and most sustainable spaces the world has ever known

① **Delivering diversity, equity and inclusion**	Diversity of thought goes beyond compliance to capture the true value of diversity – greater innovation, creativity and engagement by tapping into how people think differently.
② **Being bionic**	To create the smartest spaces, it is imperative that we build a bionic mindset that blends human and technology capabilities. By harnessing new data and machine technologies and augmenting these with the amazing capabilities of our people, we can take the best of machines and amplify impact with the best of human capabilities.
③ **Being a force for good**	To manage the most sustainable spaces, it will be imperative that we are a force for good. This means contributing to the UN SDGs and embedding ESG into everything we do, taking control of environments around Redefine's spaces, embracing the circular economy and amplifying green initiatives such as solar, water and waste management. Being a force for good also means a focus on reducing inequality and providing meaningful jobs.
④ **Creating ecosystems**	Creating smart and sustainable spaces cannot be achieved without a strategy that focuses on building ecosystems with collaborative partners and communities; this will be imperative for our future success. Creating an ecosystem business model and mindset, building and joining ecosystems will be an essential component of our success over the next 10 years.
⑤ **Being explorers and innovators**	We will build two fundamental sets of skills to enable our success. The first is digital technology skills to enable the efficient and swift execution of standardised processes. The second skill set includes empathy, creativity and judgment, which are paramount for solving complex problems. These are the skills of explorers and innovators. The fifth Industrial Revolution will demand that businesses reimagine and discover better ways to do things. Nurturing a culture of exploration and innovation is an important pathway to support our success.

Purpose

Create and manage spaces in a way that transforms lives

Strategic objectives and initiatives are linked to each to strategic pathway to drive their achievement, and a roadmap has been set for their implementation.

The Redefine of tomorrow

Stakeholder-centric	Purpose-driven	Agile and resilient	Data-driven	Innovative and inclusive
"We are people" is core to the strategy, and the strategy builds on this differentiator by taking it to the next level	Commitment to being a force for good so that Redefine is differentiated from its competitors and aligned to stakeholder value expectations	Engender agility and resilience by building a culture of exploration and innovation	Combine data, AI and people competencies to deliver stakeholder experiences with a human touch	Focusing on diversity of thought to deliver real value and the promise of being diverse and inclusive

Our trade-offs

Unpacking the tough choices made this year

INTEGRATED THINKING

In an uncertain and capital-constrained context, we must look through the cycle and respond with agility to position our business for future growth and resilience.

To create sustained value for our stakeholders, we continuously review how we allocate resources to ensure that we are making the best use thereof.

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

Our overarching trade-off remains navigating short-term performance expectations against long-term value creation. This primary trade-off is present in many of the critical decisions we make. Some of these material decisions are highlighted below.

2 Balancing our LTV-reduction programme with potential income dilution

COVID-19 has continued to adversely impact on the value of our assets. Our current LTV ratio of 41.6% is above our targeted range of 38% to 40% in the medium term. To address this over the past two years, we have made substantial progress in de-risking our balance sheet and bolstering liquidity through measures such as asset disposals, introducing an equity partner to fund the Polish logistics expansion, and applying conservative balance sheet management principles.

Within our asset disposal programme, we continue to balance the loss of future income from these assets against the immediate need to lower our LTV and right-size our asset platform.

Key outcomes

- → The board approved the disposal of R6.2 billion non-core assets to bolster our financial position, lower our LTV, and enhance liquidity
- → The simplified portfolio offers investors a streamlined investment property asset platform with reduced currency and country risk exposure

Strategic objectives	Relevant material theme	Capitals impacted	Relevant UN SDGs*
IS OC		FC MC	8 11

3 Balancing our ESG goals with capital investment requirements

We continue to look for innovative ways to diversify our funding model. This year we successfully launched our first sustainability-linked bond (**see page 71**). The bond links our cost of funding to pre-agreed sustainability performance targets. Should we achieve these targets, we will receive reduced interest rates.

To achieve these targets, Redefine has committed to undertake certain greening initiatives that will require financial investment in a constrained environment. While capital investment is challenging in this financial climate, we understand that it is required to achieve our long-term ESG goals and build a more sustainable business.

Key outcomes

- → Launched a R1 billion three-year bond that matures in 2024
- → Clear targets in place, with performance measurement dates at 31 August 2022 and 2023
- → Renewable energy – 25% increase on 2019 baseline
- → GHG emissions –10% reduction on 2019 baseline in Scope 1 and Scope 2 emissions
- → Water efficiency 5.1% reduction from a 2019 baseline
- → On track with initiatives to achieve these targets, with the necessary capex allocated to projects

Strategic objectives	Relevant material themes	Capitals impacted	Relevant UN SDGs*
GR OC OE		FC SRC NC	7 8 9 11 13

*To align decision-making with our long-term ambitions

4 Balancing employee retention with job preservation and business sustainability

The pandemic compels us to make difficult decisions to protect our business in the long term. To preserve our liquidity and enhance our sustainability, we focused on job preservation and did not award increases or STIs in FY2020. This adversely impacted our employee retention, as employees continued to work hard in a challenging context with no financial incentives.

Key outcomes

- → Zero job losses because of the pandemic or the associated lockdowns
- → 17.7% employee turnover (2020: 14.9%)
- → Employee retention initiatives underway

Strategic objective	Relevant material themes	Capitals impacted	Relevant UN SDGs*
ET		FC HC	3 5 8

5 Balancing employees' physical safety with the impact of working from home

Due to the uncertainty surrounding the spread of the virus and the associated lockdowns, employees may feel stressed and isolated. While the primary threat posed by COVID-19 is to physical health, the pandemic is also taking its toll on our employees' mental health.

This is further compounded by remote working, which poses a challenge to collaboration, morale and employee engagement.

Key outcomes

- → We use a hybrid model that allows employees to come into the office, if need be, while adhering to the strictest standards of safety in the work place
- → We have adapted our employee engagement approach to the primarily online environment to ensure our teams remain motivated and productive
- → We equipped employees with tools and techniques through bespoke programmes to support them in managing relationships, stress, and COVID-19 burnout
- → Our COVID-19 awareness initiative provides information about employee benefits that support the emotional and physical health of our employees and their families
- → Our **AskNelson** programme, partnering with Kaelo Lifestyle, provides valuable support to employees and extends to their families. The programme provides access to consultants for managers, virtual and telephonic counselling in South Africa's 11 official languages 24/7/365, financial and legal advice, check-in care calls, and virtual group intervention to deal with trauma

Refer to our human capital section on page 95 for more information.

Strategic objective	Relevant material theme	Capitals impacted	Relevant UN SDGs*
ET		HC SRC	3 5 8 10

6 Balancing our environmental goals with serving our tenants

We aim to be an ESG leader in the South African real estate sector. Our ESG strategy is designed to ensure we make continuous progress towards this goal by minimising our, and our tenants', consumption through behavioural changes and investment in environmentally friendly innovative solutions and technology. While we remain committed to this goal, we must balance the need to keep our tenants operational, despite an unreliable infrastructure system. Aged infrastructure, loadshedding and power outages can leave tenants without electricity and thus unable to operate. In response, diesel generators are often used as a standby power source. While these generators meet our tenants' needs, they adversely impact our carbon emission reduction goals.

Key outcomes

As a result of loadshedding and electricity supply interruptions, our diesel consumption has increased as follows:

Diesel (litres)	2021	2020	2019
	742 560	979 987	671 130
% decrease/increase from the previous year	-24%	46%	207%

Although we continue to install renewable energy solutions, these systems do not provide our buildings with backup power. These systems do, however, reduce our reliance on fossil fuels, both coal-fired power in normal operations and diesel in a power failure (to a certain degree). **Refer to our natural capital section on page 115 for more information.**

Strategic objectives	Relevant material themes	Capitals impacted	Relevant UN SDGs*
GR OC		FC MC SRC NC	7 9 11 13

*To align decision-making with our long-term ambitions

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 2022 strategic matters and value creation goals will be realised through achieving forward-looking KPAs for the short-term and long-term incentives (LTIs). The Remco completed the process of reviewing the remuneration policy, including the KPAs, during FY2021.

The pay and vesting outcomes for the KPAs applicable for FY2021 are explored in more detail in the remuneration report in the ESG report.

Our variable pay structure is supported by a robust remuneration governance framework. The elements are summarised below.

Governance principles

	How this links to sustained value creation	Mechanism	Implication
Pay mix	**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 → This is measured as the ratio of fixed to variable pay for executive directors and prescribed officers	Our executives are incentivised to create value in the short and long term, and there is an appropriate balance between STIs and LTIs. 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 Remco may, on or before the vesting date of an award, reduce an STI or LTI award in the event of a trigger event occurring during the vesting period → The Remco may take steps to recover awards that have vested (on a pre-tax basis) in the event of a trigger event occurring **The malus and clawback policy was revised during FY2021.**	Variable pay outcomes can be adjusted or recovered in certain predetermined circumstances, including instances where 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 events or behaviour occur that effectively result in lost stakeholder value, the Remco is able to adjust vesting or payment outcomes as appropriate or 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 Post-vesting holding periods → For LTIs awarded to executives (excluding the deferred STI awards), executives must hold any vested shares for two years after the vesting date. They cannot trade with the shares during this period but will receive dividends and can exercise voting rights in respect thereof → This requirement will be applied to awards made from FY2022 onwards and are over and above the minimum shareholding requirements **The terms of our minimum shareholding requirements and the post-vesting holding periods are set out in the remuneration report.**	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 the pay for performance framework as it applied in FY2021 to short-term outputs based on executing our short-term objectives and to long-term stakeholder value creation outcomes.

Variable remuneration structure

STI	LTI

Drive delivery on strategic priorities

GR Grow reputation | IS Invest strategically | OC Optimise capital | OE Operate efficiently | ET Engage talent

Which enable the achievement of stakeholder and sustainable development goals

● Tenants ● Investors ● Employees ● Funders ● Suppliers ● Shoppers ● Communities ● Property brokers

8 Decent work and economic growth | 9 Industry, innovation and infrastructure | 11 Sustainable cities and communities | 13 Climate action

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 KPAs for the STIs and LTIs, respectively. In addition, these goals permeate the entire variable pay framework, as illustrated below for the STI and LTI performance measures that applied through FY2021*.

STI and LTI performance measures in 2021

STI – incentivising execution

Weighting	KPA	
	Company financial performance	**60%**
20%	**Absolute DIPS** growth** relative to approved budget **(Target: achieved budget)**	
20%	**Growth in DIPS** measured against the relative performance benchmark comparator group FTSE/JSE SA REIT Index **(Target: median)**	
20%	Reducing LTV **(Target: 42%)**	
	Company non-financial performance	**20%**
5%	**Transformation**: performance on BBBEE scorecard **(Target: 95 points)**	
5%	**Sustainability**: participation in Dow Jones Sustainability Index **(Target: 5% improvement on Dow Jones Sustainability Index score)**	
10%	***Organisational health **(Target: 5% improvement in score)**	
	Individual performance	**20%**
	Delivery on executive personal targets linked to key strategic matters	

LTI – achieving stakeholder goals

Weighting	KPA	
	Company financial performance	**75%**
25%	Absolute total return (aTR) **(Target: aTR -1% variance of targeted return over three years)**	
25%	Relative total return (rTR) **(Target: average rTR measured against FTSE/JSE SA REIT Index over three years)**	
25%	Relative total shareholder return (rTSR) **(Relative rTSR measured against the FTSE/JSE SA REIT Index over three years)**	
	Company non-financial performance	**25%**
	ESG goals **(Target: based on the improvement over a three-year period using the Sustainalytics ESG risk rating, measured against the management score element of the index)**	

**Anticipated outcomes form part of the short- and medium-term strategic priorities*

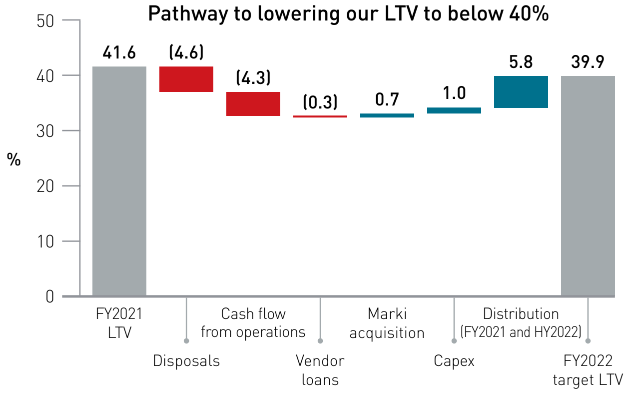
***DIPS (distributable income per share)*

****This metric will include indicators such as risk embedment, governance, accountability and discipline, the internal control environment, information and communications technology (ICT) systems and audit findings*

Our chief financial officer's review

Managing our LTV ratio

Our goal is to lower the LTV ratio to our target range of between 38% and 40% through a structured and deliberate deleveraging process. In 2021, we continued to make good headway on our asset disposal programme, concluding R5.0 billion worth of disposals. In addition to supporting our LTV targets, recycling activities simplify our property asset portfolio, reduce our exposure to multiple risk universes, and provide improved visibility on forecast distributable income and cash flows.


Pathway to lowering our LTV to below 40%

Milestones achieved from our LTV improvement plan

- We disposed of local properties realising **R1.4 billion**.
- We strategically exited local student accommodation and realised cash of **R0.8 billion**.
- We eliminated speculative development expenditure and placed a **moratorium** on all new local acquisitions.
- We disposed of our Australian student accommodation properties. Proceeds of **R2.8 billion** from the sale of Leicester Street were received during December 2020. The Swanston Street proceeds are expected to be received during February 2022.

Our interest-bearing borrowings (net of cash and including the mark to market of cross-currency swaps) represented 41.6% of our property asset platform at 31 August 2021 (2020: 47.9%). Our property asset platform comprises property, listed and unlisted shares, loans receivable, other financial assets, and interest in associates and joint ventures.

Further LTV reduction initiatives include optimisation of the property asset base through the disposal of non-core local property assets of R4.1 billion (of which R1.1 billion is currently unconditional), the settlement of the Swanston Street proceeds of R0.9 billion during February 2022, and proceeds from the sale of six of the original ELI properties and two built-to-spec properties of R1.2 billion.

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

Distributable income

Our distributable income per share for the year ended 31 August 2021 amounted to 52.9 cents (2020: 51.5), an increase of 2.8% on the prior year. Taxable income amounts to R3.2 billion and includes unrealised foreign exchange gains of R350.4 million (due to the appreciation of the rand) and is non-recurring.

The board has declared a dividend of 60.1 cents (2020: 0.0) per share, which will reduce the taxable income of the company by the amount of the dividend.

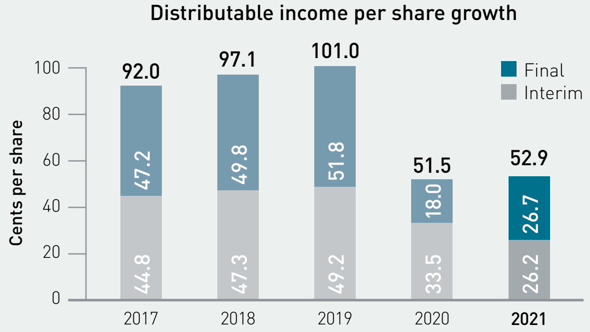
Our revenue, excluding the straight-line rental income accrual, showed a decline of 5.0% (2020: -0.1%). The decrease in revenue for the year is largely attributable to the deconsolidation of ELI (which is now equity accounted) during the second half of 2020 and the sale of Leicester Street and non-core local properties during the year.

Our local property portfolio performance was affected by the various lockdown levels, with restrictions imposed by our government to curb the spread of the virus during the second and third waves. Given the roll-out of the vaccination progamme in our country, we have seen some green shoots in our retail portfolio recovery (but this remains sensitive to further lockdowns) with foot traffic at malls steadily increasing but not yet at pre-COVID-19 levels. To support the sustainability of our tenants, we continued to provide rental relief of R125.7 million (2020: R355.3 million). During the current year, we recovered R65.0 million (2020: R37.0 million) of the deferred rent – on a net basis the rental relief amounts to R60.7 million (2020: R318.3 million). The decrease in revenue, due to property disposals and rental reversions, accounts for the bulk of the decrease in distributable income.

In addition, during July 2021, KwaZulu-Natal and Gauteng experienced the unfortunate civil unrest and disorder that resulted in sporadic incidents of looting and damage to property. Ushukela Industrial Park and Chris Hani Crossing suffered combined damages of R148.7 million. The other buildings affected suffered minor damage and were fully operational shortly after the incident. Redefine has submitted insurance claims for the damage and the resulting loss of rental income. The insurers are in the process of assessing and finalising the claims. After year end, we received a partial payment for the damage. We expect to receive the balance of the claim during FY2022.

Internationally, EPP operational metrics were encouraging for the first half of 2021, despite COVID-19-related retail limitations. As advised by EPP in its results for the six months ended 30 June 2021, due to the ongoing pandemic impact, EPP continued to prioritise liquidity by resolving not to declare a dividend. Polish logistic assets held by ELI continued to enjoy high demand, resulting in like-for-like dividend growth of 36.3%.

The operating cost margin improved to 37.8% (2020: 38.9%) of contractual rental income, excluding straight-line rental income accrual. Net of electricity cost and utility recoveries, operating costs were 17.8% (2020: 20.7%) of contractual rental income, excluding straight-line rental income accrual. **For more information, see our AFS**


Distributable income per share growth

Ntobeko Nyawo
CFO

FY2021 proved to be challenging on multiple levels, as we navigated the impact of the pandemic, the civil unrest, and restrained economic activity on property fundamentals. To preserve stakeholder value in this context, we remained focused on prudent balance sheet management. This required us to focus not only on implementing our strategic disposal programme to lower our LTV ratio and enhance our liquidity profile but also on broadening our funding sources within the confines of scarce and costly capital.

Our chief financial officer's review

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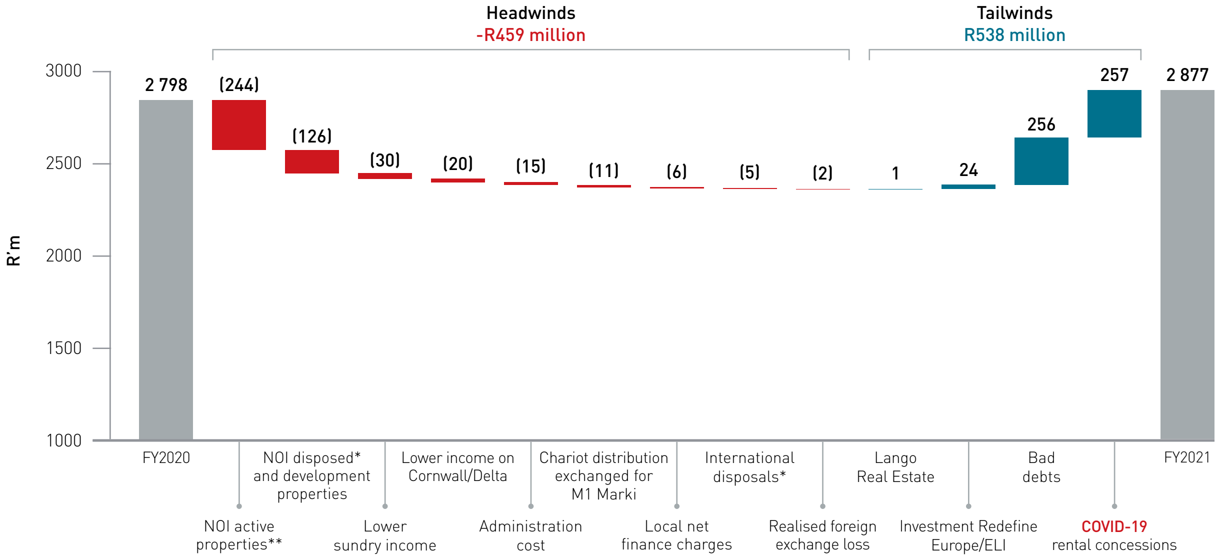

Contributors to changes in distributable income

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 2021. It reflects what the group owns, owes and the equity attributable to shareholders.

The primary drivers of our statement of financial position

MC Where we invest

Our manufactured capital, which includes our investment properties, listed securities, investment in associates, loans receivable, other financial assets and non-current assets held-for-sale, collectively, is referred to as property-related assets.

FC How we fund our investments

Our financial capital is shown in the statement of financial position as shareholders' interest (including non-controlling interests) and interest-bearing borrowings.

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

	2021 R'm	2020 R'm	2019 R'm
Property-related assets	72 937	81 028	95 434
Goodwill and intangible assets	–	–	5 622
Other assets	2 698	1 141	1 687
Total assets	**75 635**	**82 169**	**102 743**
Shareholders' interest	39 358	38 831	56 569
Interest-bearing borrowings	30 743	36 650	41 186
Total funding	**70 101**	**75 481**	**97 755**
Other liabilities	5 534	6 688	4 988
Total equity and liabilities	**75 635**	**82 169**	**102 743**

Sustainability-linked bond

In line with our funding strategy, we continued to broaden our funding sources in a capital constrained environment. In July 2021, we successfully launched our first sustainability-linked bond valued at R1 billion – the largest of its kind issued by a REIT in South Africa and fifth largest issued on the continent. The three-year bond was issued at 200bps above the three-month Johannesburg Interbank Average Rate, with the opportunity to decrease the margin by a maximum of 8bps over the period if the agreed ESG KPIs are met.

This issuance demonstrates our commitment to embedding ESG principles and integrating sustainability across all aspects of our business. The successful issuance of this bond bears testimony to Redefine's improved balance sheet strength and the ESG progress we have made and also opens up the opportunity of issuing longer-dated, sustainability-linked bonds.

**Net of interest savings*

***Excluding COVID-19 relief and bad debts*

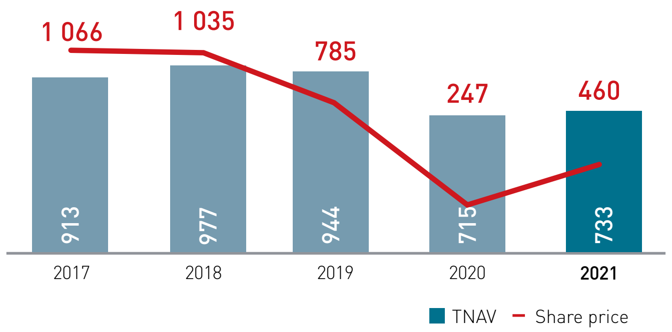
Sustainability-linked bond KPIs

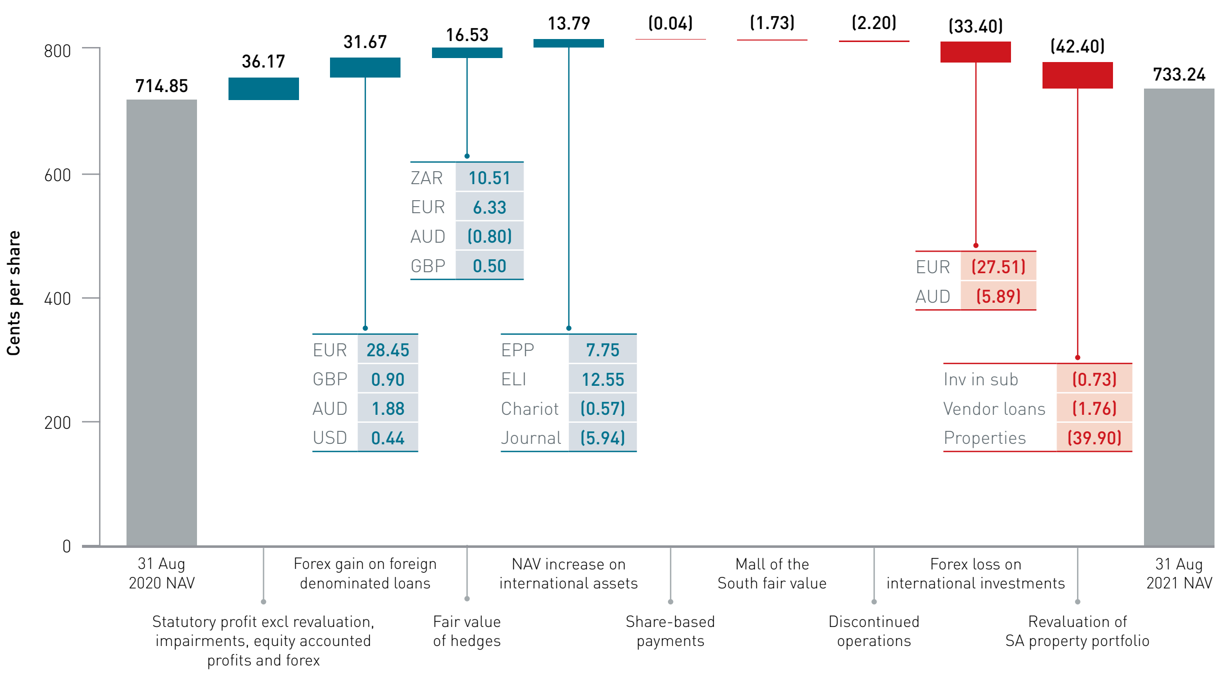
Applicable UN SDG	KPI*	Baseline (2019)	Target observation date 1 (31 August 2022)	Target observation date 2 (31 August 2023)
7	Increase in installed capacity (MWp)	24 (5% of total energy consumption)	3	3 (6 cumulatively, 25.0% increase on baseline)
7 13	Reduction in Scope 1 and 2 GHG emissions (tCO$_2$e)	35 162	1 758	1 758 (3 516 cumulatively, 10% reduction on baseline)
6	Reduction of water withdrawn from municipal and borehole sources (ML)	2 759	70	70 (140 cumulatively, 5.1% reduction on baseline)
Step-down margin (maximum pricing benefit as at each target observation date)			4bps	4bps

**KPI is applicable to the South African portion of the portfolio only and on a like-for-like basis*

Drivers of NAV performance

NAV increased to 733.2 cents per share, from 714.9 cents per share in 2020, primarily due to cash flows retained from operations, foreign exchange gains on foreign denominated loans, reduction in the fair value of hedges, and net asset growth experienced by ELI.


TNAV per share and share price performance


Drivers of NAV growth

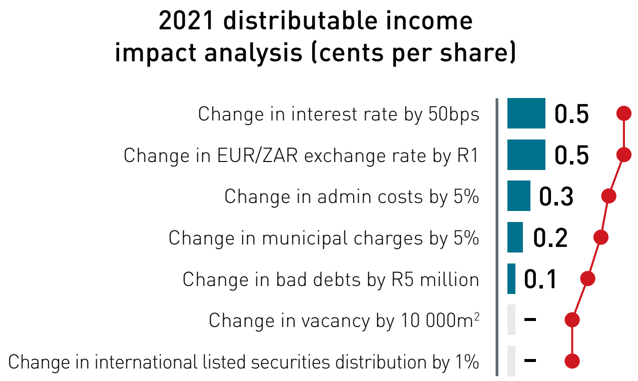
Our chief financial officer's review

CONTINUED

Sensitivity analysis

Redefine has a robust and diversified asset base that is 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 numerous variable factors outside management's control.

The analysis provides some insight into these factors and their potential impact on distributable income per share on an annualised basis.


2021 distributable income impact analysis (cents per share)

Recognition for excellence in integrated reporting

We remain committed to transparent integrated reporting. Our IR provides a window into our purpose-driven approach to sustainable value creation for our stakeholders. I am pleased to report that we were awarded first place in the 2021 EY rankings of the top 100 JSE-listed companies for excellence in integrated reporting.

For the past seven years, Redefine has placed in the top 10 in the EY Excellence in Integrated Reporting Awards, reflecting our commitment to monitoring, measuring and reporting on our ESG commitments and demonstrating our integrated approach to making strategic choices.

Acknowledgements

I joined Redefine in February this year in the midst of the pandemic. I have been amazed by not only the warm welcome I received but also the commitment of the team across the business who, in very challenging circumstances, has worked tirelessly to deliver on our purpose. I'd like to commend our people on their determination to create sustained value for our stakeholders.

To my fellow board members – thank you for your support and wise counsel. I extend my gratitude to Andrew, Leon and Mike for their insight and dedication. Finally, my thanks go to my finance team for their hard work and resilience.

Expectations and prospects

South African fundamentals remain challenging. The persistent low-growth environment is expected to adversely impact our organic growth plans, with interest rates likely to increase and the recovery from the pandemic expected to be lengthy. However, we anticipate that the vaccine roll-out programme will positively impact the economy, particularly those tenants affected by the pandemic.

We believe that those businesses that have used the pandemic to re-evaluate their value proposition and reposition themselves for the future will emerge stronger than before. Looking ahead, our focus will remain on balance sheet management, as we prudently lower our LTV to within our target range, while we implement the necessary steps to deliver on **our moonshot**.


Riverside Office Park, Centurion

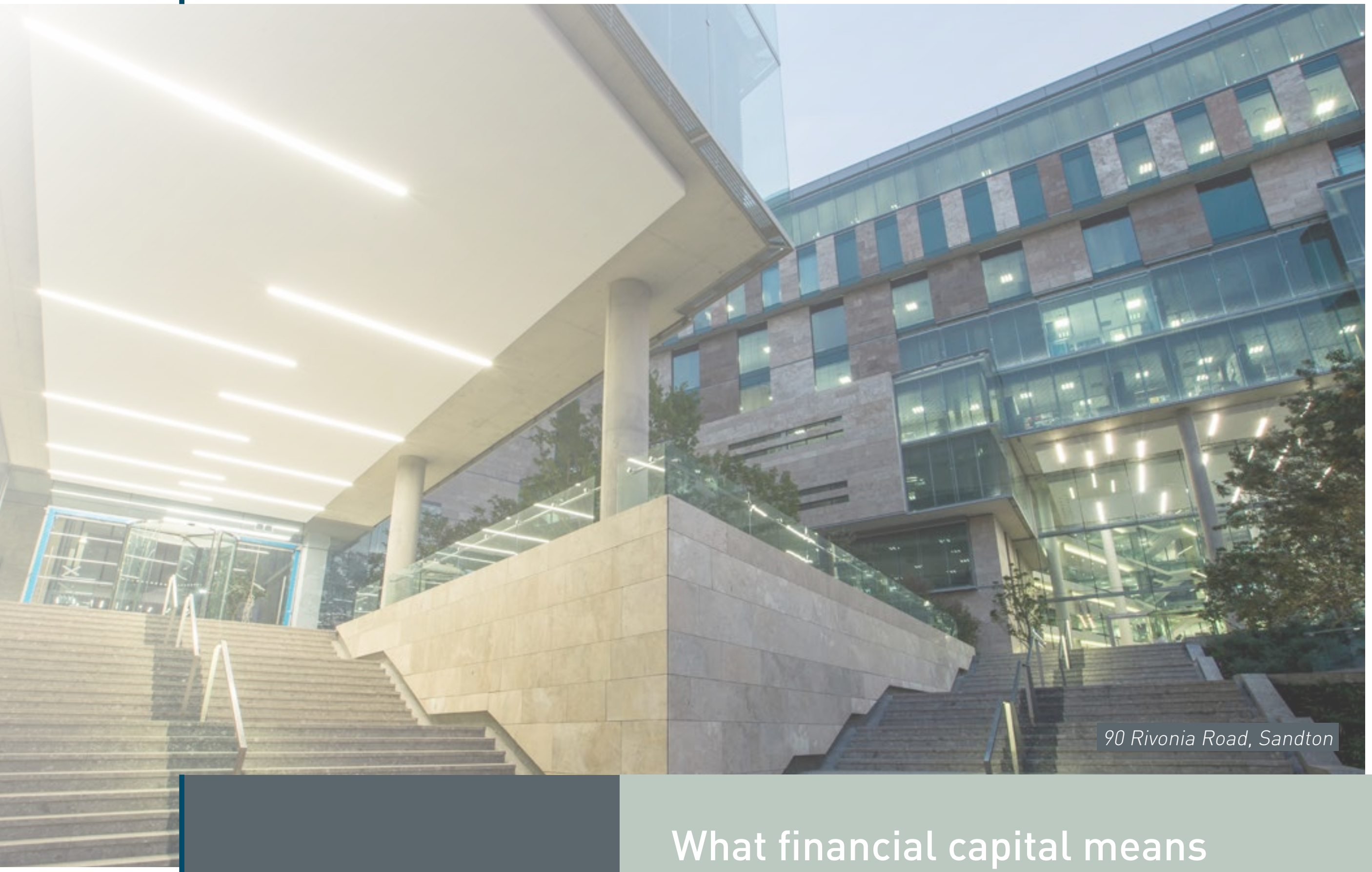
Maponya Mall, Klipspruit

5

Value creation

We must actively manage our impacts – both positive and negative – on the capitals we utilise.

FC Financial capital


90 Rivonia Road, Sandton

How we manage and utilise our financial capital is fundamental to our ability to create sustained value for our stakeholders. This year we focused on protecting our financial resilience by reducing our LTV and ensuring we maintained sufficient liquidity.

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 that no longer meet our investment criteria.

How financial capital supports our value creation goals

Our ability to access cost-effective funding 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 make a significant contribution to our sustainability and ability to fund the expansion of our distributable income-earning asset base.

Key outcomes

- → LTV reduced to **41.6%** (2020: 47.9%)
- → Interest cover ratio stable at **2.6x** (2020: 2.6x)
- → Interest rates hedged on **82.8%** of total debt (2020: 81.4%)
- → Committed undrawn facilities and cash on hand of **R5.8 billion** (2020: R2.8 million)
- → Average cost of debt increased by **20bps to 6.2%** (2020: 6.0%)

Materiality

Broadly, our materiality determination process considers the risk appetite and tolerance levels as set by our governance structures annually. Through our materiality determination process, the following matters were identified as material to our financial capital. Each of these matters has been grouped under a relevant materiality theme that speaks to the wider context in which we operate.

Uncertain geopolitical and socio-economic growth factors

Material themes	Material matters	Managing these matters	Page
The uncertainty in our context – socially, economically and politically – and how we manage these factors directly impact on our ability to create value.	→ Macroeconomic uncertainty → Financial market volatility → Government policy uncertainty	Protecting against interest rate and foreign exchange movements	79
		Extending our debt maturity profile	78

Heightened demands on governance and regulatory context

Material themes	Material matters	Managing these matters	Page
The way we conduct ourselves directly links to our ability to secure debt and equity financing but maintain strong credit metrics.	→ Governance and business ethics → Regulatory compliance	Maintaining stable credit metrics	80

Managing for sustainability

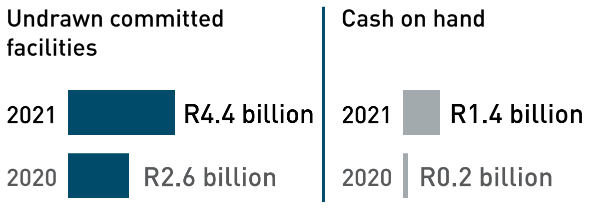
Material themes	Material matters	Managing these matters	Page
Our liquidity headroom and access to funding are key to ensuring our sustainability in this uncertain environment.	→ Ensuring business continuity in an evolving operating context → Managing financial sustainability	Managing our liquidity profile	78
		Diversifying our funding sources	80

Managing our liquidity profile

We manage liquidity risk through the proactive renegotiation of debt maturities, optimisation of debt maturity profiles, monitoring forecast and actual cash flows, and ensuring that an optimal funding and cash management plan is in place for each asset acquisition or disposal. We broaden our funding sources and maintain a healthy level of undrawn committed bank facilities to meet immediate funding requirements and cover short-term liquidity needs.

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.

Liquidity is less constrained when compared to 2020, however, the cost of liquidity has increased since the start of the COVID-19 pandemic. There has been some recovery in the market, but property counters are still trading at high discounts to their NAVs, which makes raising equity in this environment very costly and dilutive. The retention of the FY2020 dividend and proceeds received from the sale of Leicester Street and other non-core local property assets improved our liquidity during the year. The settlement of the Swanston Street property is expected to take place in February 2022, with other non-core local property disposals and the sale of the six logistics assets in Poland expected to further buffer the liquidity position.



Extending our maturity profile

We manage our debt maturity profile by spreading the maturity dates to ensure that no more than approximately 25% of the group's interest-bearing borrowings mature in any given financial year. We proactively review our facilities and extend, restructure and renew upcoming maturities. We actively monitor the financial markets, which assists in the efficient execution of a funding plan for any new acquisition opportunities that may arise.

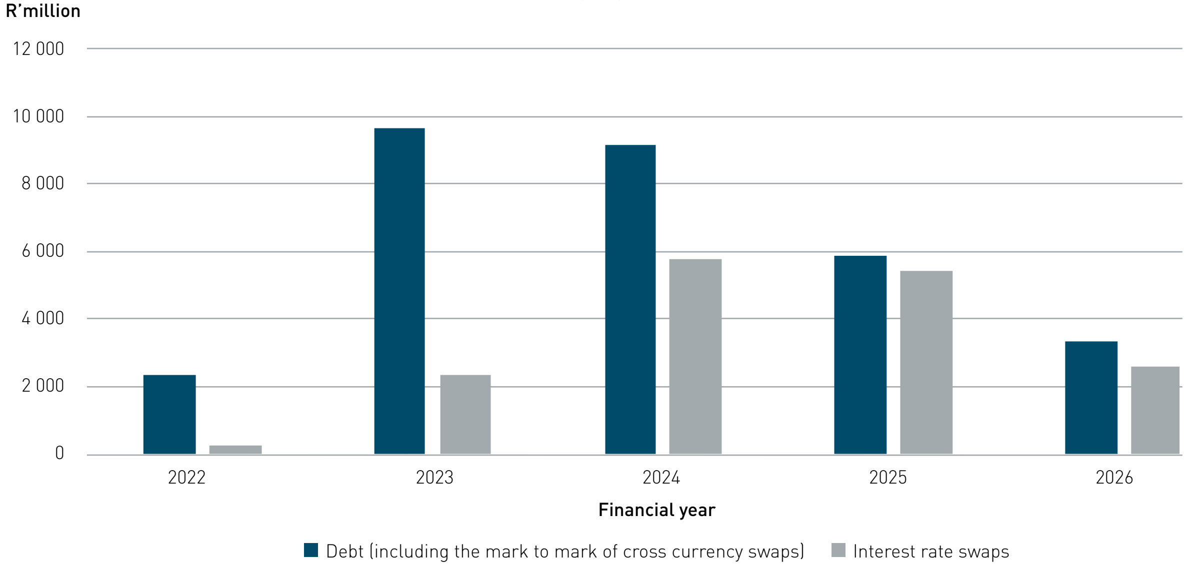
Maturities between each of the sources of finance are spread to mitigate the risk of refinancing. At 31 August 2021, we had **R2.3 billion** (2020: R1.8 billion) of interest-bearing borrowings maturing in the next 12 months. During the year, **R9.6 billion** of debt was refinanced and a new liquidity source of **R0.6 billion** was accessed. 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 challenges.

FC Financial capital

CONTINUED

The debt maturity profile is concentrated between 2023 and 2024. Generally, we aim to refinance debt within an 18-month maturity window to avoid a concentration of maturities and manage our liquidity profile. As can be seen from our current maturity profile, most of FY2022's maturities have been dealt with. In the current climate, negotiating refinancing options beyond a 12-month window has proven to be challenging, and funders have been concentrating on short-term maturities. The proceeds from the sale of the non-core assets will be used to settle part of the FY2022 maturities, and we are confident that our ongoing funding initiatives will settle the balance.

Debt and hedging maturity profile



Protecting against interest rate and forex movements

Volatile interest rate movements may result in increased borrowing costs, which reduce distributable income. International and local economic conditions affect 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). The board has set a hedging target of **75%** of interest-bearing borrowings to be fixed for as long as possible. Due to the high level of fixes in place, the sharp decline in interest rates as a result of COVID-19 means that the funding costs have only declined marginally, and Redefine has not fully benefited from the impact of the decrease in the interest rates.

The hedging policy has the desired effect of maintaining a relatively stable funding cost. This comes at a cost, as evidenced by the sharp increase in the hedging spread over variable rates in FY2020. During FY2021, **R6.2 billion** of interest rate hedges were blended and extended at more attractive fixed interest rates, resulting in the decrease of the mark to market of the interest rate swaps (derivative liability) of **R0.6 billion**.

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 or fall in South Africa, the interest receivable by Redefine on the cross-currency swaps will similarly increase or decrease.

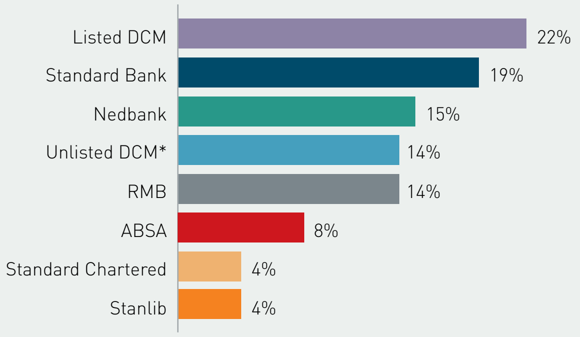
Redefine's policy is to have no material unhedged net assets or liabilities denominated in foreign currencies. Foreign property assets have been geared up with the relevant currency debt (either through bank loans or cross-currency swaps) as this creates a natural hedge – as and when the value of the property asset fluctuates, so too does the foreign currency denominated debt. Should the offshore assets' capital value decline (as was experienced during 2020), there should be sufficient headroom to prevent overgearing. We proactively manage the situation on a currency-by-currency basis and restructure the hedges as and when necessary.

Percentage of debt hedged

2021	82.8%
2020	81.4%

Diversifying our funding sources

Concentration risk may arise from a credit crisis, the application of Basel III requirements, or prudential limits 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 quality of our unsecured assets, and the equity headroom on unencumbered assets allow us to arrange unsecured debt – mostly by accessing the debt capital markets.



Maintaining stable credit metrics

We strive to maintain an LTV target range of 38% to 40%, as we consider this to be the optimal level of gearing over the long term. We monitor and manage all our credit metrics to ensure they remain within acceptable levels. Moody's reaffirmed Redefine's rating on 25 November 2021. The negative outlook is as a direct consequence of South Africa's sovereign rating outlook.

Global long term	Global short term	National long-term corporate family rating	National short term	Outlook
Ba2	NP	Aa2.za	P-1.za	Negative

LTV ratio

2021	41.6%
2020	47.9%

Interest cover ratio

2021	2.6x
2020	2.6x

Unsecured debt to unencumbered assets ratio

2021	36.3%
2020	39.5%

Equity headroom for unsecured lender

2021	R51.5 billion^
2020	R56.6 billion^

Looking beyond

Looking ahead to 2022, we remain focused on prudent balance sheet management to create a platform for sustainable growth. We expect to continue operating within the confines of scarce and costly capital in the short- to medium-term, and, as such, our efforts to optimise our funding model will continue alongside careful liquidity planning. We believe these efforts will help us attain a sustainable capital base and improve our access to, and cost of, capital.

OC

Short- to medium-term priorities	Long-term priorities (2021 to 2031)		UN SDG commitments
→ Optimise funding model → Continuous focus on liquidity → Maintain a low-risk balance sheet	4 Creating ecosystems	→ Creating smart and sustainable spaces through an adaptable, collaborative and agile shift in focus	

**The unlisted notes directly held by the banks have been allocated to the relevant bank, and the balance of the unlisted notes are reflected as unlisted DCM*

^Including negative pledge assets equity headroom is revised to R49.5 billion (2020: R54.6 billion)

MC Manufactured capital


Sparepro, S&J Industrial Estate, Germiston

Our manufactured capital is primarily the brick and mortar of our property asset base. This year, we focused on rightsizing our asset footprint to the capital base, thereby enhancing our ability to meet the changing needs of our tenants and protecting our sustainability.

What manufactured capital means to Redefine

We define manufactured capital as our diversified property asset platform, which comprises local and international property investments, representing our deployment of financial capital.

How manufactured capital supports our value creation goals

We allocate our manufactured capital with the creation of sustainable stakeholder value and risk mitigation in mind. By diversifying our property asset platform in terms of sectors and geographic areas, we continue to invest in well-located properties and deliver space that is relevant to users' needs. We invest for risk-adjusted returns – focusing on the attraction and retention of tenants to secure rental growth, maintenance of operating margins, optimisation of energy and water use, and improved cash flow.

Non-core assets were disposed of during the year to realise cash proceeds of R5.0 billion. Our asset platform is now principally focused on the retail, office and industrial sectors in South Africa, as well as the retail and logistics sectors in Poland.

Key outcomes

- → Property assets under management valued at **R72.9 billion** (2020: R81.0 billion)
- → Property asset disposals concluded realised **R5.0 billion**
- → **R6.2 billion** property asset disposals at an advanced stage (of which R3.2 billion is unconditional)
- → **Transformation** of asset platform largely completed
- → **82.7%** of property asset platform is local (2020: 80.7%)
- → Capex spend amounted to R0.9 billion with the bulk directed to expand **logistics**

Materiality

We identified the following matters as material to our manufactured capital through the materiality determination process. Each matter is grouped under a relevant materiality theme that speaks to our broader operating context.

Uncertain geopolitical and socio-economic growth factors

Material themes	Material matters	Managing these matters	Page
Our operating environment directly affects how we plan for, manage and maintain our manufactured capital. Economic growth and regulatory certainty impact on demand and supply factors. Poor infrastructure can increase our operating costs, while poor local administration can delay any potential developments. Inequality has exacerbated social volatility, which can lead to damage to our properties and reduce consumer and business confidence.	→ Macroeconomic uncertainty → Social instability → Infrastructure and administrative delivery locally	South African property portfolio, which includes key trends per sector and our strategic responses	82

Business model adaptability to the rapidly evolving context

Material themes	Material matters	Managing these matters	Page
Our buildings are our primary asset, and the changing needs of tenants and consumers are prompting us to reconsider how we utilise our spaces to continue meeting their needs and remain relevant.	→ Business model resilience → Digitalisation → Innovation and agility → Shifting behavioural changes → Health and safety	South African property portfolio, which includes key trends per sector and our strategic responses	82

Managing for sustainability

Material themes	Material matters	Managing these matters	Page
The COVID-19 pandemic and associated lockdowns place pressure on tenants' cash flow and trading certainty, adversely impacting our rentals and leasing. To manage this, we strive to be agile in our response to protect not only our stakeholders but also our own business continuity and financial sustainability.	→ Ensuring business continuity in a new operating context → Supporting stakeholders to ensure their sustainability → Managing financial sustainability → Managing the uncertainty surrounding the trajectory of the virus	South African property portfolio, which includes key trends per sector and our strategic responses	82

South African property portfolio

Protect and maintain our core base through the cycles

Investment criteria

- → **Diversify exposure across traditional sectors**
- → **Exposure to key economic nodes**
- → **Locations with solid infrastructure**
- → **Improve tenant profile**
- → **Extend lease maturity profile**

Our focus

- → Continue ensuring the relevance of and improving existing well-located properties through tenant demand-driven development
- → Recycling non-core assets to position the portfolio for sustained organic growth
- → Continue implementing the long-term strategy on an asset-by-asset basis
- → Investing in younger (more efficient), well-located and better-quality properties with longer leases and A Grade tenants^
- → Being selective about acquisitions in underrepresented regions to complement existing assets^

Overview	2021	2020
Number of properties	**272**	296
Number of tenants	**4 214**	4 553
Total GLA (million m^2)	**4.3**	4.4
Active vacancy (%)	**7.1**	7.3
Asset carrying value (R'bn)	**59.1**	64.0
Average value per property (R'm)	**217.4**	216.4
Average value per m^2 (R)	**13 702**	14 447
Average gross rent per m^2 (R)	**123.3**	123.2
Weighted average retention growth rate by GLA (%)	**89.4**	92.1
Weighted average renewal growth rate by GLA (%)	**(12.7)**	(4.6)
Weighted average in-force lease escalations by GMR (%)	**6.5**	7.0
Weighted average unexpired lease term (remaining) by GMR (years)	**3.4**	3.8

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^Placed on hold until our LTV reduces below 40%

Manufactured capital

CONTINUED

Sectoral review

RETAIL


Centurion Lifestyle Centre, Rooihuiskraal North

Year in review

- → **COVID-19** rental relief of **R83.3 million**** (FY2020: R234.3 million) offered to tenants hardest hit by lockdown restrictions
- → Retail property valuations decreased by R446.0 million representing a decline of 1.7% year on year, driven mainly by a reduction in income and conservative letting assumptions.
- → Active vacancy improved to 5.2% (FY2020: 5.6%)
- → Letting activity of 267 800m^2 (FY20: 279 502m^2)
- → Average monthly footfall has recovered to 82% of pre-**COVID-19** levels
- → Rent reversion on renewals of -13.1% (FY2020: -5.4%)
- → Tenant retention by GMR was 91.4% (FY20: 90.0%)
- → Weighted average in-force lease escalation marginally decreased to 6.1% from 6.5%
- → Total installed solar PV capacity of 21.9 MWp

Disposals

- → Ottery Centre for **R334.0 million** (FY2020 valuation: R334.0 million)
- → Langeberg Mall for **567.9 million** (FY2020 valuation: 573.9 million)
- → Williams Hunt Randburg for **R9.8 million** (FY2020 valuation: R10.0 million)
- → Shoprite Park for **R261.0 million*** (FY2020 valuation: R269.5 million)
- → Riverside Mall for **R126.1 million*** (FY2020 valuation: R100.0 million)

Developments

- → Refurbishment and tenant reconfiguration completed at Kyalami Corner and Centurion Lifestyle
- → Redevelopments in progress at Hazeldean Square and Chris Hani Crossing of R36.4 million.
- → New development at Kwena Square (a convenience retail centre in Gauteng) is in progress with an estimated cost of R175.6 million, GLA of 10 008m^2 and an initial yield of 9.8%
- → Solar PV projects in progress to increase capacity by 11.8 MWp with an estimated cost of R131.8 million

OFFICE


2 Pybus Road, Sandton

Year in review

- → **COVID-19** rental relief of **R30.9 million**** (FY2020: R80.3 million)
- → Office property valuations decreased by R1.6 billion representing a decline of 7.2% year on year, driven mainly by a reduction in income and conservative letting assumptions.
- → Active vacancy improved to 12.9% (FY2020: 13.8%)
- → Letting activity of 182 090m^2 (FY2020: 231 027m^2)
- → Rent reversion on renewals of -15.9% (FY2020: -4.3%)
- → Tenant retention by GMR was 91.5% (FY2020: 90.8%)
- → Weighted average in-force lease escalation marginally decreased to 7.2% from 7.6%
- → Total installed solar PV capacity of 3.8 MWp

Disposals

- → RPA Centre for **R7.1 million** (FY2020 valuation: R7.2 million)
- → Boskruin Village Office Park for **R48.3 million*** (FY2020 valuation: R49.3 million)
- → 7 Sturdee Avenue for **R50.0 million*** (FY2020 valuation: R48.4million)
- → Batho Pele House for **R30.1 million*** (FY2020 valuation: R33.3 million)

Developments

- → Refurbishments completed at five properties with a combined cost of R46.0 million.
- → Solar PV projects in progress to increase capacity by 0.2 MWp with an estimated cost of R2.4 million

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*Disposals are unconditional, were unconditional at 31 August 2021

**Excluding deferral recoveries

INDUSTRIAL


Brackengate 2, Brackenfell

Year in review

- → **COVID-19** rental relief of **R11.5 million**** (FY2020: R38.0 million)
- → Industrial property valuations increased by R0.5 billion representing an increase of 3.6% year on year, driven mainly by the restructuring of the Macsteel leases.
- → Active vacancy increased marginally to 4.6% (FY2020: 4.1%)
- → Letting activity of 376 416m^2 (FY2020: 322 612m^2)
- → Rent reversion of renewals of -2.4% (FY2020: -6.9%)
- → Weighted average in-force lease escalation was 6.0%, down from 6.9%
- → Tenant retention by GMR was 86.4% (FY2020: 92.3%)
- → Total installed solar PV capacity of 0.7 MWp

Disposals

- → Nine industrial properties totalling **75 772m^2** sold for combined proceeds of **R526.7 million** (FY2020 valuation: R498.8 million)

Priorities

Developments

- → Refurbishment completed at five properties with a combined cost of R44.8 million
- → Reconstruction of Ushukela Industrial Park amounting to R74.2 million in progress
- → Completed the developments in the Western Cape for Massmart and Roche, with a combined GLA of 30 677m^2 and at a cost of R226.8 million with an average initial income yield of 9.4%
- → Sparepro at S&J Industrial Estate (Gauteng) was completed with a GLA of 20 651m^2 at a cost of R122.4 million and an initial income yield of 9.2%.
- → Solar PV projects in progress to increase capacity by 1.4 MWp with an estimated cost of R14.2 million


Massmart, Brackengate

MC Manufactured capital

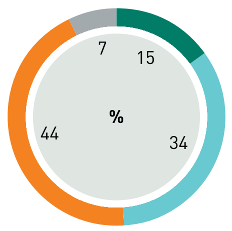
CONTINUED

Retail

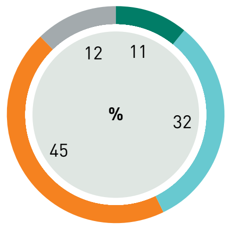
Differentiating by creating outstanding spaces for modern lifestyles


Matlosana Mall, Matlosana

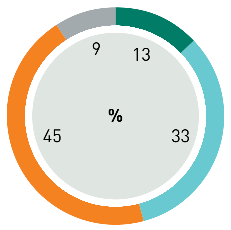
Type by value



Type by GLA



Type by GMR



🟩 Super regional 🟦 Regional
🟧 Convenience ⬜ Other

Key indicators	2021	2020
Value (R'bn)	24.4	25.7
Occupancy (%)	94.8	94.4
Tenant retention by GMR (%)	91.4	90.0
Renewal success rate by GLA (%)	73.6	65.4
GLA (million m²)	1.3	1.4
Footfall growth (%)	(1.9)	(15.8)
Rent to turnover (%)	9.2	8.8
Rental renewal reversions (%)	(13.1)	(5.4)

RETAIL market

Key trends

- → Retail sales already ahead of pre-COVID-19 levels (2019) and continuing to improve
- → Online sales continue to grow (mainly in grocery and pharmacy categories); however, retailers in these segments have aggressive expansion plans into brick-and-mortar stores
- → Retailers are focusing on consolidating and investing in value brands and merchandising
- → Work-from-home trends are influencing change in consumer behaviour, driving tenant mix towards increase in essential services and fashion in convenience stores
- → Significant growth was achieved for homeware, hardware and furniture-focused retailers as home improvements increased during lockdown
- → Sit-down restaurants and gyms were recovering but were placed under pressure again due to lockdown restrictions driven by the third wave – including curfews and bans on alcohol sales
- → Entertainment is driving the recovery of large-format shopping centres
- → Cinema operating models need to change to remain relevant
- → Banks continue to reduce their footprint
- → Environmental considerations are becoming more important for retail and must reflect in brand identities
- → COVID-19 has accelerated the adoption of online/omnichannel/click-and-collect shopping channels

Our strategic response

- → Incorporate click-and-collect platforms and provide facilities to support online shopping in our retail properties
- → Negotiate flexible and innovative leasing structures to drive tenant retention
- → Increase exposure to national tenants, essential services and value-focused retailers
- → Explore opportunities to repurpose vacant space
- → Embed sustainability in our water, energy and waste management processes

ESG in action

We aim to integrate our retail centres into our host communities, implementing a tenant mix that reflects the demographics of the communities in which we operate and contracting with local service providers. We have solar PV plants of 21.9 MWp and, since the licensing restrictions have been lifted, we are expanding by a further 11.8 MWp.

Top five RETAIL properties by value

Centurion Mall, Centurion, Gauteng (super regional)

118 976m²
94.9%
R3.5 billion
0.9 million
Woolworths, Pick n Pay, Checkers Hyper, Dis-Chem, Game, Edgars, Metro Lifestyle, Planet Fitness, Ster-Kinekor and H&M

Blue Route Mall, Tokai, Western Cape (regional)

56 133m²
99.8%
R1.5 billion
0.5 million
Checkers, Woolworths, Edgars, Dis-Chem and Ster-Kinekor

Golden Walk, Germiston, Gauteng (small regional)

45 142m²
98.8%
R1.5 billion
1.0 million
Shoprite, Pick n Pay and Woolworths

Kenilworth Centre, Kenilworth, Western Cape (regional)

53 433m²
99.5%
R1.4 billion
0.7 million
Pick n Pay, Checkers, Woolworths, Game, Dis-Chem, Total, Claremont VW and Virgin Active

East Rand Mall (50% ownership), Boksburg, Gauteng (regional)

34 211m² (our share)
92.7%
R1.2 billion
0.6 million
Edgars, Woolworths, Mr Price, H&M and Ster-Kinekor

GLA | Property valuation | Occupancy | Average foot count per month | Major anchor tenants

RETAIL asset optimisation initiatives

◆


Kyalami Corner, Kyalami, Gauteng

Introduction of Dis-Chem as a tenant

R14.2 million

◆


Kwena Square, Roodepoort, Gauteng

A new convenience retail centre development to be anchored by Checkers and Clicks once completed in May 2022

10 008m²
9.8%
R175.6 million

GLA | Cost | Initial yield | ◆ Expanding | ◆ Protecting

MC Manufactured capital

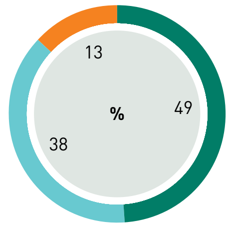
CONTINUED

Office

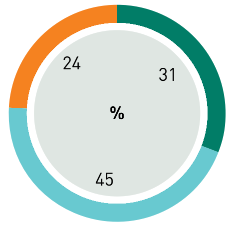
Playing a vital role in culture, community and connection

Rosebank Link, Rosebank

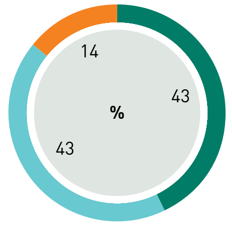
Type by value



Type by GLA



Type by GMR



🟩 Premium Grade 🟦 A Grade
🟧 Secondary Grade

Key indicators	2021	2020
Value (R'bn)	21.8	23.3
Occupancy (%)	87.1	86.2
Tenant retention by GMR (%)	91.5	90.8
Renewal success rate by GLA (%)	40.0	60.6
GLA (million m^2)	1.2	1.2
Rental renewal reversions (%)	(15.9)	(4.3)

OFFICE market

Key trends

- → Space configurations are influenced by the shift to hybrid work models, changing collaborative spaces, and more flexible desk solutions
- → Work from anywhere continues to affect office occupancy rates
- → While offshore markets are showing positive trends in the return to office, local markets are lagging due to a slower vaccine roll-out
- → Cost pressure is forcing tenants to consider fully fitted premises or increased tenant installation costs at lower rentals
- → Tenant enquiries are driven by cost, reduced capital outlay, and improving employee amenities and service offerings
- → Shadow vacancies are still evident in the market, and these spaces are expected to let fairly well as there is a significant increase in letting activity for P Grade and A Grade properties
- → Emotional burnout, feeling disconnected, and a lack of proper ergonomics while working from home drive people back to the office
- → Tenants are increasingly interested in ESG performance and green-rated and sustainable buildings as a key decision-making factor
- → Sustainability continues to gain momentum in the market, with larger businesses looking towards landlords

Our strategic response

- → Introduce flexible leasing approaches to overflow space
- → Investigate alternative property uses
- → Incorporate ancillary services and amenities to offices
- → Install air quality control monitoring methodologies
- → Grow green building footprint and building energy performance ratings
- → Implement smart buildings across the portfolio

ESG in action

Redefine has **123 Green Star SA certifications** in the office portfolio. While roof space in the office portfolio limits feasible solar plans, one new site is underway to add 0.2 MW capacity. Furthermore, we completed the first off-grid water solution at Clearwater Office Park. We also continue exploring alternative power generation, battery and wheeling solutions, as well as the potential for boreholes and water harvesting. In addition, we continue driving small business solutions in the services sector by supporting start-up coffee shops, car wash services, and similar enterprises.

Top five OFFICE properties by value

Alice Lane, Sandton, Gauteng (P Grade)

77 915m^2
94.4%
R3.3 billion
Bowmans, Marsh, Sanlam Life and Santam

115 West Street, Sandton, Gauteng (P Grade)

41 091m^2
100%
R1.4 billion
Alexander Forbes

Black River Office Park, Observatory, Western Cape (P Grade)

71 592m^2
80.6%
R1.4 billion
Dimension Data and Adidas

90 Rivonia Road, Sandton, Gauteng (P Grade)

39 964m^2
98.4%
R1.1 billion
Webber Wentzel

The Towers, Foreshore, Western Cape (A Grade)

59 709m^2
85.9%
R0.9 billion
Standard Bank, Vodacom and Innovation Holdings

GLA | Property valuation | Occupancy | Major tenants

OFFICE asset optimisation initiatives

The Towers, Foreshore, Western Cape

The project included a refurbishment of floors 19 to 23, new lift installations, and an upgrade of the electrical mains and substations

R27.5 million

Cost | ◆ Protecting

MC Manufactured capital

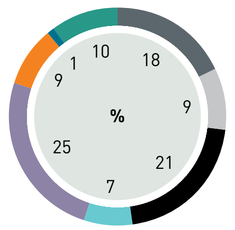
CONTINUED

Industrial

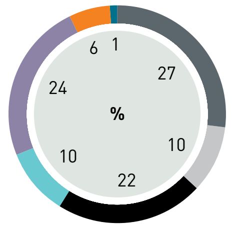
Location and efficiency remain key in a cost-sensitive market

34 Wrench Road, Isando

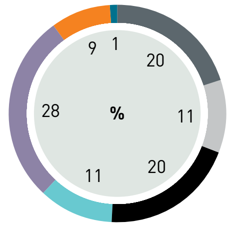
Type by value



Type by GLA



Type by GMR



■ Warehousing	■ Industrial units
■ Heavy-grade industrial	■ Light manufacturing
■ Modern logistics	■ Retail warehouse
■ Hi-tech industrial	■ Vacant land/sites

Key indicators	2021	2020
Value (R'bn)	12.3	12.4
Occupancy (%)	95.4	95.9
Tenant retention by GMR (%)	86.4	92.3
Renewal success rate by GLA (%)	57.8	63.3
GLA (million m^2)	1.8	1.8
Rental renewal reversions (%)	(2.4)	(6.9)

INDUSTRIAL market

Key trends

→ Price sensitivity drives down market rentals, as tenants search for cheaper space, smaller facilities and energy-efficient interventions to reduce total cost of occupation
→ Improved liquidity in the steel sector, as volumes increase to meet increasing demand (which is expected to remain stable during 2022)
→ Demand for modern logistics and warehouse units is rising, as various sectors of the economy anticipate market recovery beyond 2021
→ Increased yard space relative to warehouse footprint is in high demand, along with properties close to ports or which have access to railway sidings
→ Growth of express logistics is increasing demand for micro-distribution outlets in close proximity to higher Living Standards Measure (LSM) residential nodes
→ Need for improvement technology and efficiency is driving demand for new warehousing, as the certainty of obsolescence looms for older buildings in older industrial nodes
→ Remote-working protocols driven by COVID-19 are prolonging municipal approvals of town planning and construction applications
→ Security concerns drive demand for space in secure industrial business estates
→ Civil unrest in July 2021 resulted in businesses reanalysing supply chain networks
→ Recent National Union of Metalworkers of South Africa strike caused notable disruptions to the supply chain in the steel and transport sectors, among others
→ The pandemic has a lasting impact on the supply chain, as shipping costs continue to increase and lead periods are extended
→ City of Johannesburg is set to implement its Climate Action Plan in alignment with the Paris Agreement

Our strategic response

→ Selected refurbishments of older warehousing units to improve functionality and satisfy appetite for innovation assets
→ Sale of serviced industrial land within secure business parks and bespoke developments in the Western Cape and Gauteng
→ Flexible letting structures that satisfy users' needs
→ Expand renewable energy generation opportunities
→ Investigate the establishment of racked warehouse facilities to enhance marketability
→ Roll out sustainability projects to improve tenant attraction and retention

Damage to KwaZulu-Natal industrial properties as a result of civil unrest

Full reinstatement of properties expected by end March 2022

Cato Ridge DC and Ushukela Industrial Park were damaged during the civil unrest in July 2021, with estimated reinstatement costs amounting to **R74.2 million**.

ESG in action

Pleasingly, 20 industrial properties were identified for Green Star ratings. The first inland potable water security project is underway, and we have additional projects in the design phase. We are exploring an electricity wheeling project after identifying an opportunity to implement this at S&J Industrial Estate. We are taking steps to secure Africa's first EcoDistricts certification at S&J, which will incorporate environmental and social elements into the design and operation of the precinct. At the same property, we are subdividing the 101ha that is home to the Marathon and Delport informal settlements and will be transferred to the City of Ekurhuleni during 2022.

Top five INDUSTRIAL properties by value

233 Barbara Road, Elandsfontein, Gauteng (heavy industrial)

↔ 120 277m^2	🔑 100%
◇ R0.9 billion	⚓ Macsteel

Pepkor Isando, Isando, Gauteng (modern logistics)

↔ 107 017m^2	🔑 100%
◇ R0.8 billion	⚓ Pepkor

Hirt & Carter, Cornubia, KwaZulu-Natal (modern logistics)

↔ 47 718m^2	🔑 100%
◇ R0.6 billion	⚓ Hirt & Carter

Macsteel Lilianton, Boksburg, Gauteng (heavy industrial)

↔ 73 071m^2	🔑 100%
◇ R0.5 billion	⚓ Macsteel

Cato Ridge DC, Cato Ridge, KwaZulu-Natal (modern logistics)

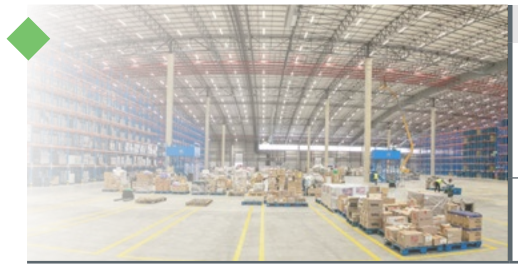
↔ 50 317m^2	🔑 100%
◇ R0.4 billion	⚓ Pepkor and Massmart

↔ GLA | ◇ Property valuation | 🔑 Occupancy | ⚓ Major tenants

MC Manufactured capital

CONTINUED

INDUSTRIAL asset optimisation initiatives



Massmart (50.1%), Brackengate 2, Western Cape

- → New state-of-the-art warehouse facility in South Africa
- → Initial yield of 9.3%

26 535m²

R162.7 million (RDF 50.1%)

Sparepro (90%), S&J Industrial Estate, Gauteng

- → Warehouse
- → Initial yield of 9.2%

20 651m²

R122.4 million (RDF 90.0%)

GLA | Cost | Expanding

Alternative investments

Diversifying income streams

We seek alternative investments outside of traditional property sectors to enhance our income generation and diversify our income streams.

	Loans	Complementary
Redefine's interests	→ Loans of **R2.0 billion** to various third parties attracting commercial interest rates	→ Solar PV installations → LED screens, exterior media, kiosks and wi-fi → Park Central residential development → Lango Real Estate Limited (Lango)
Platform profile	→ Loan to BEE consortium for Delta shares disposal reflected in the books at last reported market value of the Delta shares	→ **31** solar PV plants generate **26.3 MWp** → Non-GLA income increased by **10.6%** → Park Central comprising **159 units** – **38.6%** and **38.9%** by value sold and let out, respectively
Priorities	→ Provide loan funding to secure strategic partners	→ Pipeline of solar PV projects to add another **13.5 MWp** at a cost of **R148.4 million** and an anticipated first-year return of **19.3%** → Develop new **sustainable** income streams → **Add value** to the user experience → Improve the value proposition through **innovation** → Look to dispose of our investment in Lango

International property portfolio

Geographic diversification in an economically stable and hard currency market

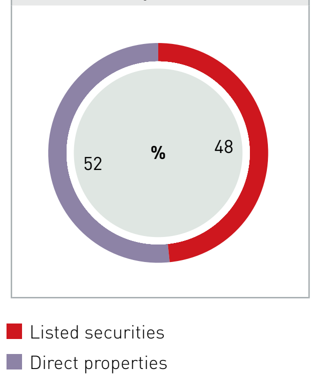
Investment criteria

- → **Local partner representation and aligned with Redefine's interests**
- → **Provide opportunities for scale**
- → **Liquid real estate market**
- → **Free flow of currency**
- → **Sophisticated tax regimes and rules of law**
- → **Mitigates overall risk**
- → **Bolsters growth**

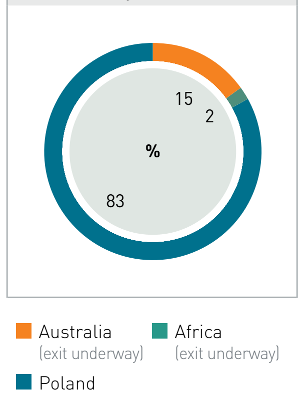
Our focus

- → Limited to Poland
- → Provide ongoing strategic and financial support to our partners in-country
- → Invest directly where there is potential for capital uplift through active asset management and development
- → Actively hedge income as and when the rand shows weakness
- → Hedge our financial position naturally through matching currency gearing
- → Responsibly manage geographic and sectoral concentration risk

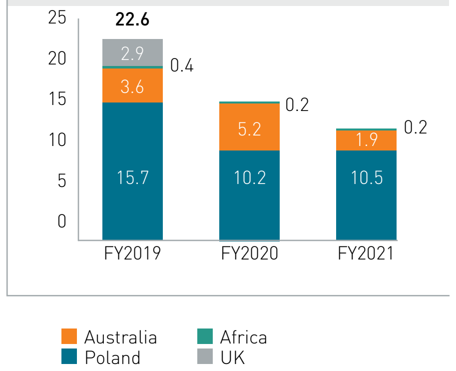
International portfolio composition



Geographical spread by value



Summary of platform transformation (R'bn)



Poland

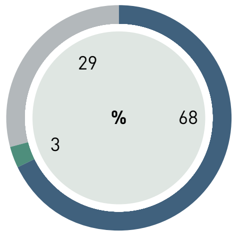
Redefine's Polish interests

EPP	ELI
45.4%	**46.5%**
R6.5 billion	R3.0 billion
(FY2020: R7.3 billion)	(FY2020: R1.9 billion)

Carrying value	**R10.5 billion** (FY2020: R10.2 billion)
See-through value of assets	**R25.5 billion** (FY2020: R27.4 billion)
See-through LTV	85.2% (FY2020: 89.9%)

Chariot Top Group B.V. **R1.0 billion** (FY2020: R1.0 billion)

Platform profile



MC Manufactured capital

CONTINUED

ELI review

Increasing exposure to sector enjoying strong investor and tenant demand

Redefine's priorities

- → Complete assets under construction to receive balance of earn-out fee
- → Successfully complete and let developments under construction
- → Ensure new developments comply with green building standards
- → Secure pre-letting on land holdings for further development
- → Sell two Radom BTS developments and six standing assets and recycle the capital for further growth in the portfolio
- → Refinance completed developments to secure better interest rates and unlock additional capital for reinvestment
- → Maintain the significant headroom between development yields and bank interest rates
- → Leverage positive market dynamics (robust tenant and investor demand) by undertaking quality developments in sizable key logistics hubs
- → Introduce automation by investing in new technologies, industrial automation, electromobility and renewable energy

Redefine's activity in 2021

- → Shareholders provided capital of EUR109.6 million and Redefine provided EUR53.8 million to fund new developments
- → Earn-out payments of EUR14.4 million (as per Madison International Holdings VII LLC equity sale) used to reduce capital requirement to a net amount of EUR39.4 million for Redefine
- → Estimated balance of outstanding earn-out is EUR86.3 million

Logistics market overview

- → Poland remains a key logistics market in central Europe and continued with a record-breaking performance for new developments and lettings despite the economic downturn caused by the pandemic
- → Significant lease activity was recorded in the last six months, mostly driven by ecommerce activity, with a 40% increase in lettings compared to the same period in the prior year
- → Exceptionally strong tenant demand continues to fuel construction activity to record highs
- → Generally, rental levels remained the same in most locations despite significant increases in building costs, because of the consistent supply of new space to the market – however, upward pressure on rentals is building in certain locations due to the lack of available stock
- → The national logistics vacancy rate continued to decline despite a rebound in development activity to 5.4%
- → Investment activity in the industrial sector was up 81%, compared to 2020, when logistics was the most traded asset class for the first time in the history of Poland's real estate investment market
- → International investor demand for Polish logistic assets should remain at the current high level for the foreseeable future
- → Attractive investment yields, land available for development, and cost benefits compared with western Europe will continue to attract international capital – this is further supported by the good economic outlook for Poland, growth in ecommerce, and the reconfiguration of European supply chains
- → Immense demand, relatively low financing costs, and the limited number of prime assets further strengthened market capitalisation rates

Key operational highlights

Total GLA from income-producing portfolio increased by **161 385m²** to **689 259m²** after the completion of six projects at a total cost of **EUR92.7 million**	**All lease expiries for 2021 were renewed**; early renewal of Kauflandin Bydgoszcz (45 642m²), due to expire in February 2022, at the same rental as at expiry date
Total vacancy was 3.9% of GLA, which is significantly improved from 9.4% due to strong tenant demand	**Bank refinancing secured with Berlin Hyp** for a portfolio of four completed developments assets, finalised in September 2021
First-time lettings of **291 000m²** were recorded in new developments at an average initial rent of **EUR4.1 per m²**	Completed new developments was **EUR147.8 million**, adding **GLA of 174 205m²** (including Radom BTS sold in August 2021)
New lettings were **21 933m²** at an average rent of **EUR3.8 per m²** and rental growth of **0.5%**	**Rent collection remains high** at almost 100%
Lease renewals were **91 038m²** at an average rent of **EUR4.0 per m²** and rental growth of **0.5%**	The weighted average unexpired lease term improved from **4.8 years** to **5.6 years**

Acquisitions

- → Land strategically located close to the Warsaw Airport in Warsaw, earmarked for the development of a 66 400m² logistics park, was acquired in July 2021 for EUR15.6 million
- → A land parcel in Warsaw West Blonie logistics hub, earmarked for the development of 58 559m², was acquired for EUR3.0 million

Developments

- → Developments with a GLA of 247 482m² are currently under construction, with a total estimated cost of EUR163.9 million, most of which are expected for completion during the first half of 2022
- → New projects with a total GLA of 215 961m² under due diligence

Disposals

- → The development and sale of Radom BTS (12 820m²) was concluded in August 2021 at a sale price of EUR12.4 million, realising proceeds of EUR5.6 million (RDF: EUR2.6 million)
- → ELI is in the process of disposing of six of its initially acquired assets and the two Radom BTS developments for total estimated proceeds of EUR144.8 million (RDF: EUR67.1 million)

EPP review

Poland's leading retail landlord

Redefine's priorities

- → Restore EPP into a productive, dividend-paying asset
- → Redefine has submitted a non-binding proposal to the EPP board which, if implemented, will constitute EPP as an unlisted subsidiary of Redefine
- → Redefine will make an offer to EPP shareholders to swap their EPP shares for Redefine shares at an independently verified fair swap ratio
- → The proposed transaction would be conditional on EPP shareholders approving a delisting of EPP and implementing certain restructuring transactions
- → The EPP restructuring will significantly bolster EPP's balance sheet, generate much needed liquidity and materially reduce EPP's LTV
- → There will be no material impact on Redefine's LTV
- → Should the proposed transaction be implemented:
  - ▫ EPP will return to a dividend-paying position in the short term
  - ▫ It will materially contribute to improved Redefine's distributable income and distributions to Redefine's shareholders
  - ▫ The market will be provided with a single point of entry into EPP via Redefine
  - ▫ Redefine shareholders will benefit from the diversification of directly controlled income streams
- → Circulars for the transaction will be issued to EPP shareholders during December 2021

Redefine's activity in 2021

- → Corporate reorganisation of EPP is underway

For more information on the EPP's property portfolio, refer to their website

Looking beyond

As we look to life beyond the pandemic, we need to refine our core asset platform to ensure we remain adaptable, collaborative and agile. Accordingly, we remain focused on harnessing the power of innovation to capture opportunities, develop new sustainable income streams, and improve our value proposition. As part of this approach, we are exploring opportunities to expand our existing national LED network and leverage the increased demand for connectivity to create the Redefine Tower Network. We will also explore partnerships for self-storage facilities to maximise income from vacant space and focus on asset optimisation by transforming or recycling unproductive assets to make space for income-producing assets.

IS Short- to medium-term priorities	Long-term priorities (2021 to 2031)		UN SDG commitments
→ Re-evaluating every property asset's capital growth prospects → Focusing on opportunities to expand the income base → Creating spaces for people to live, work and socialise sustainably	4 Creating ecosystems	→ Creating smart and sustainable spaces through an adaptable, collaborative and agile shift in focus	9 11

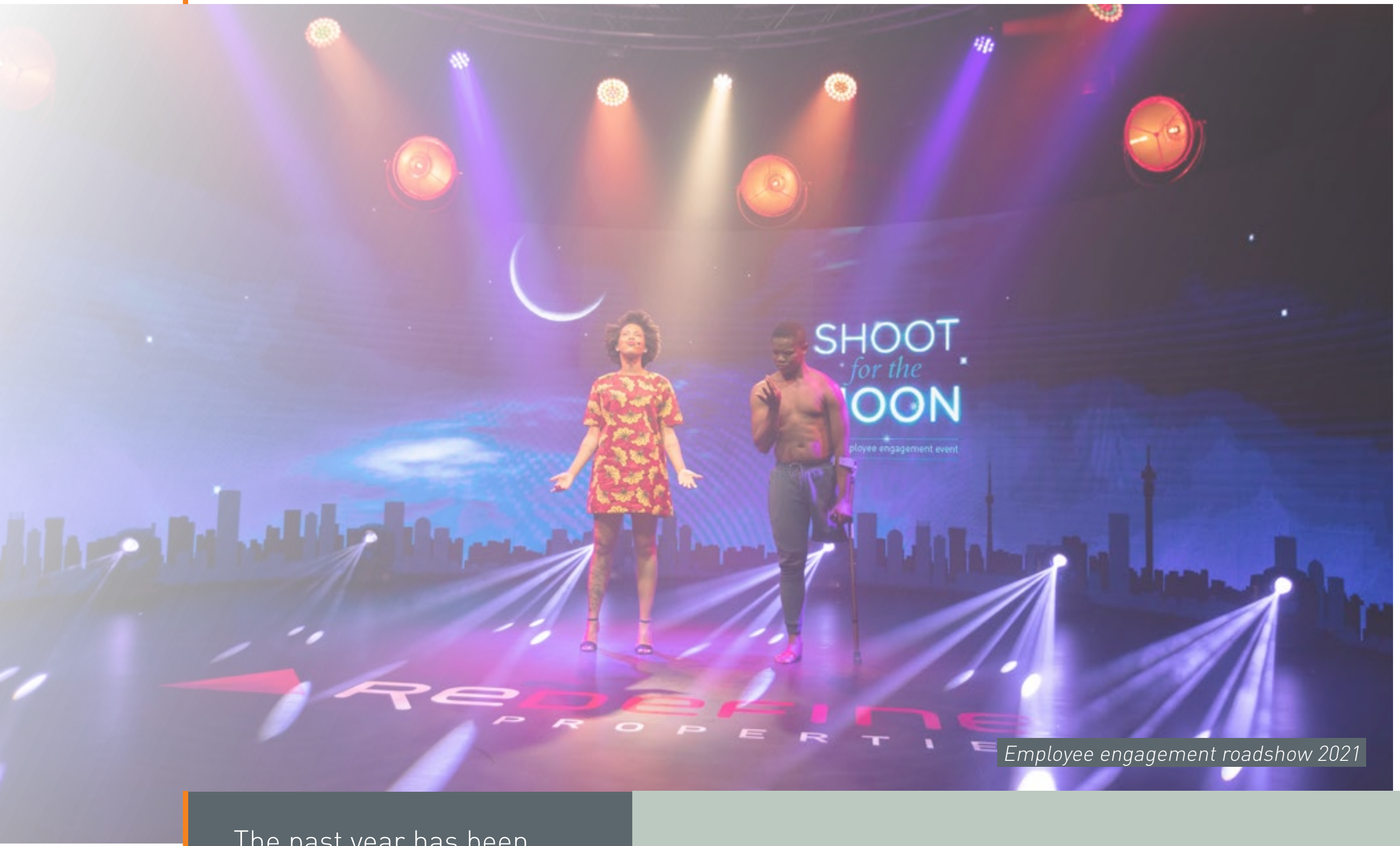
Anticipated outcome

- → Position asset platform for organic capital growth
- → Build a sustainable capital growth platform
- → Attract and retain quality tenants

Anticipated simplified property asset platform

South African portfolio 70%	Polish portfolio 30%
■ Retail ■ Office ■ Industrial	■ Retail ■ Industrial

HC Human capital



Employee engagement roadshow 2021

The past year has been demanding on our business as well as our people. Adjusting to new ways of work has required new approaches to engaging and driving productivity while managing wellness in an environment of increasing external stresses. We aim to support our workforce and develop them for the future by fostering not only diversity and inclusion but also encouraging a culture of continuous learning and innovation.

What human capital means to Redefine

Our people are our biggest differentiator, and they are the heart and soul of our business. With their knowledge, skills, and dedicated and committed attitudes, we are able to differentiate our business and ensure we remain sustainable in the long term.

How human capital supports our value-creation goals

We believe that our employees are the driving force behind 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 deeply connected through our values.

Empowering our people

Empowering our workforce is an important aspect of nurturing a high-performance culture. Our people are our brand ambassadors, and the energy and enthusiasm they bring to every interaction with our stakeholders enhance our reputation. This is why we are committed to truly empowering our people and creating an environment where they feel inspired and able to take action, drive our business forward and create sustained value for our stakeholders.

Key outcomes

- → Employee engagement at **87%, which is above global and national benchmarks**
- → **88th** percentile advanced ethical maturity score
- → Certified as a **top employer for the sixth consecutive year**
- → **12% permanent employee turnover** (2020: 9%)
- → **57% female employees** (2020: 58%)
- → Employment status ratio **89%** permanent and **11%** temporary (2020: 90% and 10%)
- → **85%** of promotions were African, Coloured and Indian (ACI) (2020: 74%)
- → **18 672** employee hours spent on training (2020: 13 172)
- → **R11.4** million total training investment (2020: R10.1 million)
- → **294** learners completed our learnership programme since 2013 (2020: 244 learners)

Materiality

We identified the following matters as material to our human capital through the materiality determination process. Each matter is grouped under a relevant materiality theme that speaks to our broader operating context.

The evolving role of business in creating a prosperous and sustainable society

Material themes	Material matters	Managing these matters	Page
Now more than ever, there is growing expectation on businesses to play a more active role in addressing social challenges.	→ Purpose-led imperative → Transformation at a business and societal level	Leveraging the power of diversity and inclusion	100

Business model adaptability to the rapidly evolving context

Material themes	Material matters	Managing these matters	Page
Our human capital is influenced by the changing context, as it places strain on livelihoods and accelerates a skills revolution. In parallel, our people are key to our business's ability to respond and adapt.	→ Employee skill resilience → Innovation and agility → Health and safety	Growing our employee capabilities	99
		Focusing on employee health, safety and wellness	98

Heightened demands on governance and regulatory context

Material themes	Material matters	Managing these matters	Page
Good governance and compliance are central to a business's reputation and licence to operate. This is driven by social expectations and regulations.	→ Governance and business ethics → Effective stakeholder engagement and collaboration	Creating a values-driven culture	99
		Integrated stakeholder management	35
		Pursuing gender equality	98
		Understanding our stakeholder universe	103
		Responsible corporate citizenship	107

Managing for sustainability

Material themes	Material matters	Managing these matters	Page
The persistence of the COVID-19 pandemic has led our people to adjust to changed working conditions.	→ Managing uncertainty surrounding the trajectory of the virus	Attracting and retaining top talent	98
		Engaging with our employees	98

HC

Human capital

CONTINUED

Human capital delivering sustained value for stakeholders

VALUE for our stakeholders is created by

PROMOTING
a values-based
corporate culture

LEVERAGING
off our employee
capabilities

DEVELOPING
a strong employer
brand to attract and
retain employees

PLUS

CREATES

Tangible
ASSETS

INTANGIBLE VALUE
Our focus on people strengthens the intangible capital of the organisation

Stakeholder
VALUE

1 INPUTS

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

2 ACTIVITIES

- → Attracting and retaining top talent
- → Creating a values-based corporate culture
- → Growing our employee capabilities
- → Leveraging the power of diversity and inclusion

3 OUTPUTS

- → Leadership capability
- → Workforce capability
- → Workforce performance
- → Diversity and inclusivity
- → Engagement and well-being

4 OUTCOMES

- → Innovation, agility and resilience
- → Organisational culture and values
- → Productivity
- → Organisational performance
- → Talent pool of future leaders

5 IMPACT

- → The learnership programme graduated 294 learners, influencing the development of skill within the property sector
- → 163% workforce growth over the past three financial years
- → 8.1% of employee training resulted in a certified qualification
- → 100% of caregivers have been offered maternity and paternity leave and benefits
- → 100% of caregivers allowed flexible working arrangements

Unpacking our employee profile

Our operating landscape requires specialist skills that are developed over years of exposure to our industry. We therefore consistently aim to attract and retain the right people.

	2021	2020
Permanent employees	444	445
Temporary employees	55	47
Female employees	57%	58%
Average tenure	6 years	6 years
Total employee turnover	18%	15%
Permanent employee turnover	12%	9%
Average age	41	40

Attracting and retaining top talent

Attracting and retaining high-potential individuals who are able to support our evolving business needs is critical to our success. Our EVP is key to achieving this, demonstrating how we create value for our people and articulating our expectations in return. Our human capital policies support the delivery of our EVP, and include leave, wellness, workplace flexibility and remuneration policies. We offer fair and responsible remuneration for all our employees, benchmarking salaries at the median and 75th percentile of the market for scarce and critical skills. For comprehensive details on our EVP see our ESG report.

To attract top talent, we look beyond the property industry and often recruit people from other industries. This complements our diverse thinking, introduces new skills, and supports our efforts to remain relevant in an ever-changing world. We focus our energy on developing high-performing individuals who have the appropriate qualifications, know-how and people skills to uphold our culture and brand integrity to meet our evolving business needs.

COVID-19 and the associated impact on on our employee morale, as well as the negative impact on our business, including the inability to pay bonuses, have adversely impacted our staff turnover and ability to retain talent. We continue to work to adddress this and support our employees in this challenging time.

Engaging with our employees

Our employee engagement is fundamental to understanding and improving our relationship with our people. We aim to create a work environment in which our employees enjoy fulfilling roles and can be proud to work for Redefine. An engaged workforce is more likely to go above and beyond, enhancing our human capital by increasing productivity and work quality and retaining top talent.

We conduct regular employee engagement surveys to identify organisational trends that may affect employee engagement and satisfaction. Feedback offers insight into our employee satisfaction and forms part of our business strategy process. It also helps us understand areas in which we are performing well and those in need of improvement for us to sustain a strong EVP, based on the specific demographics and actual needs of our people.

Lockdown has significantly disrupted our employees' lives. As we traverse different lockdown levels, there are many questions, anxieties and concerns about the future. Based on the feedback and insight gained from the surveys, we equipped employees with tools and techniques through bespoke programmes to support them in managing relationships, stress and COVID-19 burnout. Our COVID-19 awareness initiative provides information about employee benefits that support the emotional and physical well-being of our employees and their families.

Focusing on employee health, safety and wellness

We are committed to ensuring employees' health, safety and well-being, and we strive to provide a safe work environment, which we believe enables our people to perform optimally and meet our organisational objectives.

The EWP aims to support employees' general health and wellness. The EWP is part of our value add and is accessible to all employees and includes a range of services, such as legal advice, counselling and financial assistance available to employees and their immediate family.

Clear, concise and consistent communication is imperative to maintain our culture and engage with employees. Our values remain the core message in our communications, which reinforces our purpose. Regular employee check-ins between line managers and employees are also conducted via digital platforms, such as telephone, email, text message and video conferencing.

Redefine is committed to the health and well-being of our employees and will endeavour to create awareness around, and educate our people on, the COVID-19 vaccine. Our work environment has sufficient space to support social distancing, and administrative controls, such as daily symptom screening, rotation schedules, flexi-time and work-from-home policies, and the necessary systems and tools are in place to accommodate remote working. We will continue to monitor the situation. We continue to drive various initiatives to help our employees access the vaccine should they wish to do so.

Pursuing gender equality

We are committed to equal opportunity employment and aim to maintain workplaces that are free from unfair discrimination. During the year, we conducted a Women Empowerment Principles (WEPs) gender gap analysis. WEPs is a joint initiative between the UNGC and UN Women, providing a comprehensive framework that includes seven principles to empower women and girls. The review highlighted the progress we've made as an organisation and our commitment to gender equality, as demonstrated through concrete steps to introduce policies and practices. Based on our scoring on the WEPs Gender Gap Analysis Tool, we are marked as an "Improver", which indicates that we recognise the importance of gender equality and are taking concrete steps to introduce policies and practices, but we are still working on a strategic approach to implement our commitments. We will take steps to implement some of the recommendations from the WEPs analysis to strengthen our commitment to gender equality.

HC Human capital

CONTINUED

Being an employer of choice

We are committed to the ongoing improvement of our employment practices. As such, we participate in the Top Employer South Africa certification every year. It is hosted by the Top Employers Institute, which does comprehensive research of employee offerings across various companies. The accreditation provides us valuable feedback that guides our benchmarking and improvement.

In 2021, we were certified as a top employer for the sixth consecutive year.

Creating a values-driven corporate culture

Our corporate culture and values guide our conduct, inform our INTEGRATED THINKING, and support the execution of our strategic priorities. We ensure that our ethical culture and value system are entrenched at every level of the business. We understand employees want to work for responsible companies, so retention and motivation of our workforce depend on our employees' connection to our purpose and ESG philosophy.

Our code of business conduct is a set of principles designed to guide employees in conducting themselves with honesty and integrity in all actions that represent the company. The code can be accessed on our website

The ultimate responsibility for managing ethics in our business rests with our CEO, who is supported by executive and senior management, with assistance from the head of ESG and the company secretary. Specific ethics-related issues are regularly reviewed and reported to the SET committee.

This year, 46% of our employees participated in the ethics survey, and we are pleased to have achieved an 88th percentile advanced ethical maturity score from The Ethics Institute. This score indicates an advanced ethical culture maturity, reflecting the fact that ethics is being interwoven with the overall ethical culture. We also received an overall ethics behaviour risk score in the 91st percentile, which indicates a low risk from an ethics standpoint. The 2021 results included an expanded peer group comparison and therefore cannot be compared to last year's results. Our results demonstrate the strength of Redefine's ethical capital and support our drive to maintain an ethical reputation. We use the survey to identify gaps and areas of potential improvement that require further attention from management. To enhance learning, we share survey results with employees during face-to-face workshops and the online learning modules used extensively during lockdown. We also intend to introduce manager-specific online ethics training to address some of the areas of improvement identified by the survey.

Growing our employee capabilities

We are committed to creating an environment in which our employees can thrive. We align our employees' capabilities with our strategic goals to ensure we have the right skills – now and into the future – to achieve our value creation objectives. We actively support our employees' growth, which we believe is a key driver of organisational success and employee fulfilment.

The term 'new normal' has been a catchphrase for more than a year, but this cliché does not lessen the impact of reality. COVID-19 has been a catalyst in an already evolving world of work, exacerbating the need for businesses to alter their processes and behaviours.

In 2021, we focused on **building organisational resilience and adaptability** in the face of disruptive business transformation, shaped by transition and unpredictability, resulting in more fluid yet interconnected ecosystems.

We prioritise **learning and development** by investing in employee training and career development. We have traditionally used a blended approach of on-the-job training, digital learning, coaching and mentorship, workshops, structured programmes (including learnerships and graduate programmes) and study bursaries for tertiary education.

	2021	2020
Number of training interventions	128	101
Employee hours spent in training	18 672	13 172
Direct investment in training*	R4.0 million	R3.8 million
Total training investment**	R11.4 million	R10.1 million

*Course and other costs such as travel, accommodation, catering and venue

**Direct cost and salaries of qualifying categories

Leveraging the power of diversity and inclusion

Our people's unique identities and experiences create diverse thinking and bring balance and perspective to our human capital. This boosts effectiveness and improves our competitiveness. To embrace diversity as a differentiator, we drive innovation and shift our focus from transformation to inclusivity.

Diversity is considered a major driver of innovation, and an inclusive workplace provides equal opportunities for all. Our parental leave policy, for example, aligns with our maternity leave policy. We treat each employee fairly and support our employees who are also caregivers in balancing their professional and family priorities.

DIVERSITY	2021	2020
WORKFORCE	%	%
Black* total	72	69
White total	27	30
Foreign nationals	1	1
MANAGEMENT	%	%
Black* total	36	31
White total	62	67
Foreign nationals	2	2
GENDER	%	%
Male	43	42
Female	57	58
Other	0	0

Looking beyond

To achieve our long-term goals, we must invest and transform our human capital to ensure that our people are able to adapt to the future world of work and able to thrive in a context that demands creativity and innovation.

ET

Short- to medium-term priorities	Long-term priorities (2021 to 2031)		UN SDG commitments
→ Building a resilient workforce → Designing a workplace for well-being → Building a culture of innovation and exploration	1 Delivering diversity, equity and inclusion 5 Being explorers and innovators	→ Fostering innovation, creativity and engagement through diversity to satisfy employees' need for inclusion, belonging, ongoing learning, personal growth and purpose	4, 9, 5, 10, 8, 16 3, 11, 17

*Black comprises ACI employees

SRC Social and relationship capital

Kenilworth Centre CSI marketing project: Garden in a box

The impact of the ongoing pandemic as well as the civil unrest in South Africa has highlighted the vital role of stakeholder inclusivity in our business model. Because of this, we are committed to even more intensive stakeholder engagement and collaboration to better understand their needs and influence on our endeavours to maintain the creation of sustainable and meaningful value.

What social and relationship capital means to Redefine

We see social and relationship capital as the integral link between our property presence and broader society because property is embedded in the community. Social and relationship capital encompasses the relationships that are the lifeblood of our people-centric approach.

How social and relationship capital supports our value creation goals

Our social landscape shapes our strategic direction. We recognise that a socio-economic context defined by rising unemployment, weak economic growth and increasing social instability is not conducive to sustainable business. We therefore seek to engage positively and, in this way, have a meaningful social impact. Through informed, targeted initiatives that create mutual benefits for us and our stakeholders, we ensure the long-term sustainability of our operations, which goes to the heart of our purpose to make a difference in people's lives.

For us, society comprises our stakeholder and corporate citizenship universe. Our business approach follows a stakeholder-centric approach to social and relationship capital.

Stakeholder centricity

Our unique and focused approach to relationships enables us to create and sustain meaningful value for our stakeholders.

Our approach	Stakeholder value	Responsible corporate citizenship
From investment to involvement to innovation	Engaging to understand changing needs and create value	Renewed emphasis on respecting human rights

Refer to our ESG report for detailed reporting on our approach and performance across our social landscape.

Key outcomes

- → **89.4% TENANT** retention by GMR (2020: 92.1%)
- → **INVESTORS – 52.9 cents** full-year distributable income per share (2020: 51.5 cents)
- → **R242.5 million** annual **EMPLOYEE** remuneration (2020: R202.2 million)
- → Meeting **SHOPPERS'** needs by prioritising **health and safety** and improving the tenant mix at our retail centres
- → Addressing **FUNDERS'** concerns by lowering our LTV ratio to **41.6%** (2020: 47.9%)
- → **112%** of procurement spend (2020: 100%) went to empowering **SUPPLIERS** on total measured spend
- → **R9.5 million** contributed to **COMMUNITY** engagement through CSI initiatives (2020: R5.2 million)
- → **R18 million** commission paid to **PROPERTY BROKERS** (2020: R8 million)
- → **Level 1 BBBEE** contributor status (2020: Level 3)

More outcomes per stakeholder are reported in this chapter and in our business model on **page 17**.

Materiality

We identified the following matters as material to our social and relationship capital through the materiality determination process. Each matter is grouped under a relevant materiality theme that speaks to our broader operating context.

Uncertain geopolitical and socio-economic growth factors

Material themes	Material matters	Managing these matters	Page
South Africa's sluggish economy and pervasive inequality present social challenges that impact our operating environment and influence our business approach.	→ Macroeconomic uncertainty → Social instability	Our approach	103
		CSI strategy	106

The evolving role of business in creating a prosperous and sustainable society

Material themes	Material matters	Managing these matters	Page
Global organisations like the UN are calling for businesses to play their role in reducing social inequality. If not addressed, we face an unsustainable society with widespread unemployment and increased social unrest.	→ Transformation at a business and societal level → Managing infectious diseases	Responsible corporate citizenship in action	107

Business model adaptability to the rapidly evolving context

Material themes	Material matters	Managing these matters	Page
We do not operate in isolation – our socio-economic context impacts our operations and is reciprocally influenced by how we do business. To continue creating value, we need to be aware of changes in our context and adjust our business to meet these needs.	→ Innovation and agility → Shifting behavioural changes → Health and safety	Understanding our stakeholder universe	103

Heightened demands on governance and regulatory context

Material themes	Material matters	Managing these matters	Page
Systemic and rising social challenges require us to play our role and incorporate ESG and corporate citizenship principles into our business approach to ensure business resilience and entrench trust in our organisation. These principles are central to our approach to good governance and overseen by our board.	→ Implement effective ESG strategies → Effective stakeholder engagement and collaboration	Stakeholder engagement	106

SRC Social and relationship capital

CONTINUED

Our approach

From investment to involvement to innovation

Redefine's mission is to create sustained value for all of our stakeholders. To have a meaningful impact on lives, we work together for positive change in creating long-term sustainable solutions with our stakeholders, instead of once-off solutions. To do this, our stakeholder-centric approach to value creation (illustrated below) is based on truly understanding and responding to stakeholder needs and our action in areas where we can have a positive impact on long-term sustainability. We align our efforts across our portfolio to focus on sustainability and build long-term partnerships with our key stakeholders.

Our stakeholder priority assessment process

- Engage with stakeholders
- Understand their needs
- Map their needs to ours and the interconnected needs of multiple stakeholders to one another
- Identify risks and opportunities
- Develop a set of mutually beneficial priorities
- Develop programmes to address these priorities

Understanding our stakeholder universe

We group our material stakeholders by their level of influence on us and our impact on them. We are committed to understanding their individual concerns and applying their relevant inputs to our decision-making to ensure value creation.

The operating context is changing rapidly, impacting on our stakeholders' needs and concerns how we engage with them. To address this, we undertook a strategic review of our current stakeholder universe in 2021 to ensure we have correctly identified and categorised our stakeholders. Our stakeholder landscape continues to evolve as we align our stakeholder goals to our moonshot strategy – refer to **page 35** of this report.

Tenants

Goal: Provider of differentiated and relevant space

Value for us	Value for stakeholder
→ Lease renewals → New tenants with innovative solutions improve our service offerings → Tenant growth and timeous payment → Participation in our efforts to promote and improve our buildings	→ Relevant quality spaces that deliver on business needs at market-related rentals → Retail spaces that attract shoppers, keep up with trends, and foster business growth → Quality relationships and support in business operations → An ethical business partner

Risks	Opportunities
→ Tenants' inability to afford increased cost of occupation → Inability to attract and retain tenants → Constrained consumer spending → Utility supply interruptions → Shifting demand and customer requirements across our portfolios → Persistence of lockdown-related trading closures → Pandemic-related health and safety concerns	→ Adapt innovative technology and solutions that may impact tenant needs → Attract and upskill future tenants → Increased tenant engagement to set us apart as landlords → Efficiently managing operating costs for tenants to improve value for money → Increase environmental efficiency and create awareness of sustainability efforts in our properties → Adapt our individual asset strategy to ensure that our offering meets the evolving needs of our tenants

Investors

Goal: Source of sustained growth in total returns

Value for us	Value for stakeholder
→ Access to equity funding → Liquidity of our shares → Fair rating of our shares → Open dialogue to understand and address concerns	→ Solid investment case based on the strategy, with business activities and decisions aligned → Sustained growth in capital and dividends over time → Assurance that sustainability and good governance are integrated into the business strategy

Risks	Opportunities
→ Loss of investor confidence in the property sector and Redefine → Lack of liquidity and widening mispricing points	→ Clearly communicating our strategy and demonstrating consistent delivery to build confidence and attract investment in Redefine → Build capacity to allocate capital in a competitive environment → Increase engagement with senior management

Employees

Goal: Employer of choice

Value for us	Value for stakeholder
→ Engaged employees who grow our brand and deliver on business strategy → Employees with innovative ideas and solutions → Nurturing and developing future talent → Transformation in the workforce leads to increased engagement	→ A working environment that provides flexibility and sustainable income → Opportunities for learning, development and growth → Opportunity to make valuable contributions and achieve personal fulfilment and satisfaction

Risks	Opportunities
→ Increased employee anxiety due to COVID-19 → Employee retention and attraction → Lower engagement during lockdown → Slow pace of transformation at senior management level → Failure to fulfil our people-centric brand promise → Losing track of the needs of a changing workforce → Perceptions of unfair or non-market-related remuneration	→ Maintain our corporate culture during COVID-19 through technology-enabled engagement → Enhance virtual programmes to attract and upskill future employees, address transformation issues, and introduce new skill sets → Encourage employees to participate and give feedback on business decisions and innovative solutions → Promote our physical, emotional and financial wellness programme → Invest in leadership development and mentorship programmes → Benchmarking remuneration practices

Funders

Goal: Reliable source of returns on debt funding

Value for us	Value for stakeholder
→ Access to debt funding is critical to our ability to purchase properties and build our property portfolio → Open dialogue to understand and address concerns	→ Assurance that sustainability and good governance are integrated into the business strategy → Ability to pay interest and repay debt capital

Risks	Opportunities
→ Reduced confidence in the property sector and Redefine, leading to a lack of appetite → Lack of liquidity → Increased cost of capital → Further downgrade in SA sovereign credit rating	→ Transparent communication and engagement → Ongoing access to capital → Expanding ESG-linked funding

Suppliers

Goal: Source of business opportunity and growth

Value for us	Value for stakeholder
→ Brand ambassadors who represent our brand in our spaces to our customers → Deliver services aligned with our values, code of conduct and ethical standards → ESD to enhance the supply chain	→ Opportunities and partnerships that assist in growing businesses → Responsible and compliant business partner → Fair opportunities and negotiation processes → Smarter and sustainable procurement opportunities (quick decision-making and simple deal structuring) → Timely payments within clearly communicated standard operating procedures

Risks	Opportunities
→ Suppliers' business sustainability through the pandemic → Reputational risk due to lack of service delivery or conduct of supplier, especially if not aligned with our values	→ Improving supplier engagement to better understand their needs and their impact on Redefine and our stakeholders → Refine engagement strategies and internal processes to improve relationships and manage the current economic challenges → Consider cost-effective ways to upskill and prioritise suppliers from local communities → Local representation and opportunities to uplift small enterprises

SRC Social and relationship capital

CONTINUED

Shoppers

Goal: Provider of safe and innovative shopping experience

Value for us

- Current and potential shoppers are important to the viability of our tenants and act as brand ambassadors for our centres

Value for stakeholder

- Correct tenant mix, especially given the challenging macroeconomic context and pressure on consumers' disposable income
- Safe, secure and clean shopping environments

Risks

- Shoppers publicising their experiences on formal and informal platforms could impact our brand reputation
- Pandemic-related health and safety concerns
- Changing consumer behaviour and shopping trends

Opportunities

- Investigate multipurpose use in our retail centres to include additional offerings such as education facilities and clinics
- Research and monitor consumer behaviour and shopping trends to mitigate risk and tailor an appropriate tenant mix, safe entertainment, and integration with online shopping

Communities

Goal: Responsible community participant

Value for us

- Active community participation
- Empowering communities to identify and solve problems
- Uplifting and attracting future employees
- Creating a pool of future investors, tenants, customers and employees

Value for stakeholder

- Improve the environment in and around our spaces (health, security, and education, among others)
- Employment and business opportunities
- Exposure to other enabling resources and opportunities to collaborate

Risks

- Negative impact of our spaces and tenants on communities
- Lack of engagement and inclusion poses a reputational risk
- Lack of jobs for unemployed youth and community members

Opportunities

- Create mutually beneficial partnerships to achieve our longer-term value creation goals through community engagement and incorporating their needs into our spaces
- Create opportunities for smaller traders and entrepreneurs around our spaces

Property brokers

Goal: Preferred business partner

Value for us

- Strong partnerships and focus to let out our spaces
- Attract quality tenants who improve our spaces

Value for stakeholder

- Opportunities and partnerships that assist in growing businesses
- An ethical business partner
- Spaces that are easy to promote, deliver on tenants' needs, and keep up with the latest trends at market-related rentals
- Access to information to improve the leasing process
- Timely payments within clearly communicated standard operating procedures

Risks

- Loss of potential tenants due to breakdown in relationships with brokers
- Reputational risk due to lack of service delivery or conduct of broker

Opportunities

- Refine engagement strategies and internal processes to improve relationships and manage the impact of current economic headwinds
- Further alignment with our brand promise
- Consider technology and tools to improve communication and access to information that best positions our vacant spaces

Refer to our ESG report for more detailed information on our stakeholder engagement.

CSI strategy

Our CSI strategy focuses on the communities around our buildings and takes a demand-driven approach, using meaningful conversations to understand community needs and work with them to co-create solutions.

Our CSI strategy focuses on the communities around our buildings rather than national projects. It is underpinned by a demand-driven rather than a business-as-usual or supply-driven approach. Using the ***Challenge Convention*** as a vehicle, we engage with communities to identify their priorities and co-create solutions.

Our CSI strategy outlines objectives and strategic focus areas to which we commit.

Objectives	Strategic focus areas
We believe that we best serve communities surrounding our buildings with CSI initiatives that strive to: → Increase our involvement → Empower and uplift disadvantaged communities by understanding their needs and co-creating solutions for measurable positive impact on their socio-economic conditions → Monitor the impact of interventions and communities on our business and properties → Build and strengthen relationships	Driven by innovation to ensure scalability and replicability, we focus on four strategic focus areas for CSI: → Skills development → Youth development → Social development → Environmental awareness These focus areas are crucial to create a positive legacy for our communities

Stakeholder engagement

In addition to our community engagement initiatives, we also run several stakeholder engagement programmes. These initiatives reflect our belief that we need to remain relevant and forward thinking by considering and collaborating with people in and around our properties to identify and address their real needs in a truly South African way. We can thus tackle real business and social challenges, such as inequality, unemployment and skills gaps, while remaining relevant and providing better experiences and innovative offerings in our spaces. We run the following active stakeholder engagement initiatives, aimed at increasing value for our stakeholders and ourselves:

Initiative: Employee engagement

heads up **hearts in** hands on

Deepening alignment

Our employee engagement programme focuses on the following 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

Employees

Initiative: Learnership

work with THE BEST TO BE

Creating a pipeline of property professionals

For the past seven years, our learnership programme has created exciting opportunities for participants, while growing the pool of skilled entrants into our sector.

Future employees

Initiative: Tenant engagement

EVERY STEP OF THE WAY.

Improving tenant satisfaction

Our ***Every Step of the Way*** programme ensures that employees understand their importance in shaping our tenants' experiences with Redefine because every engagement throughout the tenant life cycle impacts the brand experience.

Tenants

SRC

Social and relationship capital

CONTINUED

Initiative: Investing in tenant improvement

REDEFINE smarTen	**Investing in tenant improvement** *Smartten* our tenant programme aims to enhance the sustainability of our tenants. To achieve this, it aims to develop future tenants, build skills, integrate business innovation, enhance experiences, embrace community focus, and minimise environmental impact.	Tenants	○

Initiative: Brokers engagement

REDEFINE REACH	**Improving relationships with our brokers** 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 an incentive programme that includes quarterly events and trips.	Brokers	○

Responsible corporate citizenship in action

To be who we say we are – a company of people serving people – we align our operations and strategies with the utmost respect for inalienable human rights, the health and safety of our stakeholders, and the need to meaningfully transform our society for greater good.

Respecting human rights

We are committed to implementing internationally agreed principles on human rights as described in our human rights policy, which was revised in 2021.

We are committed to supporting the following

- Right to freedom of association
- Abolishing forced or compulsory labour
- No violence against women and children
- Protecting the human rights of our communities and supply chain

Delivering broad-based transformation

Meaningful transformation that creates substantive impact in the environments in which we operate remains a priority for our business and underpins our strategic objectives. To advance our holistic transformation approach and its supporting governance framework, we created a dedicated BBBEE committee in 2021.

- In FY2021, we achieved **level 1 BBBEE** contributor status in accordance with the amended property sector code.

Prioritising health and safety

We are committed to protecting the health and safety of our stakeholders. Our health and safety strategy is designed to ensure we continuously improve the protection we offer our employees and visitors, while achieving a high level of legal compliance.

Our strategy can be divided into six key activities

- Culture of health and safety ownership
- Risk management
- Appropriate training for employees to safely fulfil their roles
- Learn from our mistakes and implement appropriate risk mitigation measures and strategic changes
- Monitor and measure our performance
- Maintain our high level of legal compliance

The Boulders Shopping Centre: Cultural day

Looking beyond

To ensure we can continue to have a meaningful impact on our social and relationship capital, we intend to continue to better our understanding of our stakeholders' needs to ensure that their impact on us and our impact on them create sustained value that is meaningful. We will actively pursue this through the engagement initiatives under the ***Challenge Convention*** and our corporate citizenship commitments.

Short- to medium-term priorities	Long-term priorities (2021 to 2031)		UN SDG commitments
Embed ESG in our stakeholder relationships Focus on broadening diversity across our workforce Introduce a climate resilience framework	2 Being bionic	Commitment to being a force for good so that Redefine is differentiated from its competitors and aligned to stakeholder value expectations	6, 12, 7, 13
	3 A force for good		4, 9, 8, 17
	4 Create ecosystems		3, 11, 10, 17

IC Intellectual capital

Black River Office Park, Observatory

Changes to our operating context have required us to reset every aspect of our business while keeping our purpose and people at the heart of what we do. To ensure that our business remains relevant, we have refreshed our strategy and will develop and utilise our intellectual capital to harness new data and machine learning technologies. We foster innovation and creativity to ensure transformational change.

What intellectual capital means to Redefine

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

How intellectual capital supports our value creation goals

We believe the source of our economic value does not depend solely on our brick-and-mortar, income-earning asset base. It also depends on how we manage and use these assets and adapt to change to ensure we extract the highest value and most efficient use of our resources, while remaining relevant to stakeholders' needs and living our purpose.

Our intellectual capital therefore consists of

- → The integrated way **we do business** and the best practice **governance** for which we strive
- → Our agile approach to setting our **strategy** and executing our strategic ambitions
- → How we leverage **technology and innovation**

Key outcomes

- → Developed our moonshot strategy in response to the changing context
- → Placed first in the EY Excellence in Integrated Reporting Awards 2021, demonstrating our leadership in INTEGRATED THINKING, reporting and transparency
- → Completed cloud migration of the core IT environment
- → An appropriately skilled, diversified and independent board:
  - ▫ 100% of non-executive directors are independent
  - ▫ 50% of our board is female
  - ▫ 60% of our board is ACI

Materiality

We identified the following matters as material to our intellectual capital through the materiality determination process. Each matter is grouped under a relevant materiality theme that speaks to our broader operating context.

Business model adaptability to the rapidly evolving context

Material themes	Material matters	Managing these matters	Page
Our rapidly changing operating context drives us to relook and reset how we do business and our approach to technology, innovation, and diversity of thought to ensure rapidly changing context. We need to leverage digitalisation opportunities, respond quickly and innovatively to tenant and consumer behaviour changes, and protect ourselves from inherent risks.	→ Rapidly changing context → Innovation and agility → Digitalisation → Shifting behavioural changes → Cyber resilience and data security	Entrenching INTEGRATED THINKING	111
		Resetting our strategic direction	111

Heightened demands on governance and regulatory context

Material themes	Material matters	Managing these matters	Page
Our resources are put under pressure, as we keep pace with stringent regulatory and compliance requirements brought on by the evolving regulatory landscape. Compliance is not only a reputational imperative but also aligns with our values. Intellectual capital is driven by our values and incorporates our approach to ensuring good governance and effective stakeholder engagement.	→ Governance and business ethics → Regulatory compliance → Implementing effective ESG strategies → Effective stakeholder engagement and collaboration	Striving for best practice governance	111
		How we approach our business	13

Managing for sustainability

Material themes	Material matters	Managing these matters	Page
Our management team must carefully manage our financial and manufactured capital to ensure long-term sustainability. This is because of liquidity constraints in a challenging economic environment and the consequent instability in space property valuations. Our enhanced risk management also considers scenarios to inform our future planning and decision-making.	→ Ensuring business continuity in a new operating context	Leveraging technology and innovation	112
		Smart buildings	113

Intellectual capital

CONTINUED

Entrenching INTEGRATED THINKING

INTEGRATED THINKING is at the core of how we do business. Part of our intellectual capital is understanding that value creation does not happen in isolation and that our strategic choices have lasting impacts. We believe this approach gives us a differentiated competitive advantage.

INTEGRATED THINKING

As real estate is a long-term asset class, our strategy looks through the cycle. It considers our risks and opportunities; the interrelatedness of each capital at our disposal; the potential trade-offs inherent in our strategic choices; and provides short-, medium- and long-term objectives and action plans. This is supplemented by our commitment to embedding ESG into our operations. We drive ESG through our commitment to the UN SDGs that we believe we can impact the most, so that we can drive sustainable value creation.

We monitor several measures to ensure that we hold ourselves accountable for our progress and impact. These are measured against each of our strategic objectives, using meaningful KPIs that apply across the organisation.

Refer to page 7 for a deeper understanding of our integrated approach to business.

The Redefine of tomorrow is very different from the Redefine of today. Looking ahead, we will be purpose driven, stakeholder centric, agile and resilient, data driven, and innovative and inclusive. Many of these are qualities we embody now, and some are ones we are striving to develop. However, regardless of our status, we see the power of enhancing and leveraging these attributes to deliver sustained value for all stakeholders.

To enable this, we will
→ Focus on people and purpose, placing ESG at the heart of what we do
→ Offer a simplified, high-quality asset platform that is diversified
→ Access a sustainable funding model with solid credit metrics
→ Foster an engaged, passionate and innovative workforce
→ Deliver on our strategy consistently

Striving for best practice governance

Our approach to governance and leadership 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.

Redefine's appropriate governance structures and processes enable us to be well-managed and effectively controlled. Our rigorous and inclusive strategy review process considers the risks and opportunities connected to our broader operating context. These processes ensure that we deliver against this strategy to create value for ourselves and our stakeholders – now and into the future. Our commitment to good governance is reflected in our internal policy framework that entrenches ethics in how we do business.

Refer to governance on page 21 and our ESG report for more information on how we create value through our governance processes.

Resetting our strategic direction

Our strategy and strategy formulation are an integral part of our intellectual capital and key to addressing the resilience of our business model in a rapidly changing context. Accelerated by COVID-19, several material matters, such as increasing innovation, digitalisation and shifting behaviour patterns, have prompted us to review and reset every aspect of what we do to ensure that our business model remains relevant to the stakeholders we serve.

During the year, the board and management embarked on a journey to reimagine our future strategy and formulated our 10-year moonshot vision. This future strategy aims to move us beyond incremental progress to transformative change and is driven by five strategic pathways that flow across all our business areas.

1	Delivering diversity, equity and inclusion	Deriving value from the richness of diversity of thought
2	Being bionic	Blending people competencies with new data and technology capabilities
3	Being a force for good	Doing well by doing good
4	Creating ecosystems	Building robust ecosystems through collaborative partnerships
5	Being explorers and innovators	Fostering a culture of exploration and innovation into Redefine's DNA

Refer to our future strategy on page 64.

Leveraging technology and innovation

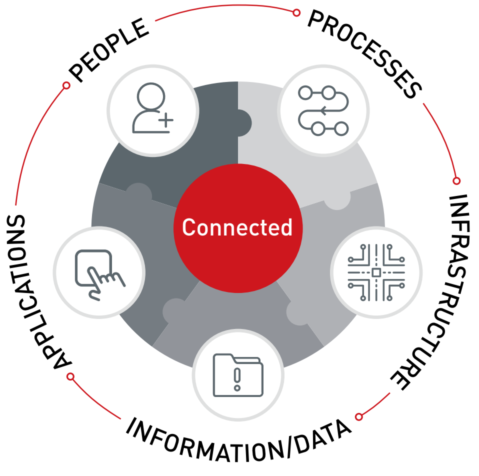
Technology and innovation are central to how we deliver the Redefine of tomorrow and are a core element of our future intellectual capital.

Maturing our information and communication technologies (ICT) to fundamentally transform how we operate

We embed ICT governance standards throughout our organisation and ensure that we align ICT services and infrastructure with current and future business needs, while maintaining an adequate, effective and agile level of operational management. Our internal ICT committee is responsible for driving this process and oversight is provided by the RC.

Redefine's ICT standards and guiding principles align with our objectives and goals, and the ICT strategy is designed to help us deliver the most relevant, secure, business-effective model and a better end-user experience.

Our ICT strategic approach is anchored in embracing technology advancements and thinking differently about the core of our business model. This approach is designed to enable us to reimagine and fundamentally transform how we operate and how our clients experience us.



We have identified key focus areas in each ICT architectural layer and highlighted the need to take a prudent approach in procuring fit-for-purpose applications to transform how we operate.

Our ICT strategic drivers

2021
★ The digital transformation of real estate and business through smart buildings
★ Digital amplification of human capabilities to create a bionic business

2022 and 2023
★ Deepen our data and analytics capabilities
★ Establish a flexible, scalable and productive baseline enterprise data warehouse
★ Develop our data architecture
★ Improve our digital ratio by prioritising and delivering digital capabilities with high operational impact and demonstrable return on investment

Alice Lane, Sandton – in support of the 'Be Kind' project

IC Intellectual capital

CONTINUED

Smart buildings

Digitally transforming our business to enhance the tenant experience and futureproof our assets

Our manufactured capital consists of our property footprint and its associated fixed-cost base. The direct impact of COVID-19 on our tenants and occupancy levels reduced our income, while our fixed-cost base remained. This forced us to look at our business differently and accelerated our thinking around what it would mean to have a smart building. We embarked on a process to better understand how we can use smart technology and data to manage our buildings and make our cost structure more activity-based, improving our cost management for ourselves and our tenants and allowing tenants to enjoy different experiences with on-demand services.

Smart buildings will enhance the ability of asset owners and tenants to extract additional value from their physical assets through digital transformation

7 9 11 12 13 17

Rosebank Link, Rosebank

Smart buildings are digitally connected to

- → Enhance our offerings to increase potential revenue streams
- → Increase operating efficiencies through automation
- → Respond to tenant needs and streamline their experience
- → Improve productivity and occupancy comfort
- → Learn from and respond to information collected using machine learning and artificial intelligence
- → Provide decision-useful trends and insights

Next steps in our smart building journey

We are in the process of appointing a partner to support this strategic project. Our goal is to deploy a smart real estate strategy that will underpin future investment and a modernisation roadmap. We will achieve this by establishing the base build technical criteria and performance benchmark for existing and new buildings.

Entrenching innovation as part of our DNA

Technology and innovation are major drivers of long-term value creation. We have identified being **explorers and innovators** as a strategic pathway to ensure we remain competitive. This includes implementing initiatives that build a culture of exploration and innovation into our DNA. We encourage the experimentation, creativity and flexibility that promote innovative thinking, while managing risks within our agreed appetite.

To ensure appropriate oversight and governance of our process to embed innovation into our business, the RC supports the business in reviewing, advising and approving all aspects of ICT and digitalisation, including, but not limited to, governance, strategy, operations and major risks.

The COVID-19 pandemic highlighted how important innovation and differentiation are to our long-term sustainability and societal relevance. We continue monitoring online retail trends and remote-working practices. We interrogate whether these are permanent and the potential impact they may have on our retail and office tenant mix, their business space requirements, and how we can adapt to avoid property obsolescence.

East Rand Mall, Jansen Park

Looking beyond

Our intellectual capital is integral to the achievement of our long-term goals. Transforming how we think to foster innovation and creativity, accelerate new data and digital platforms, and create smart sustainable spaces will both require intellectual capital and increase the value of this capital.

	Short- to medium-term priorities	Long-term priorities (2021 to 2031)		UN SDG commitments
OC	→ Harnessing technology → Achieving operational excellence in all aspects of what we do by accelerating digital transformation	4 Creating ecosystems	→ Creating smart and sustainable spaces through an adaptable, collaborative and agile shift in focus	9 11
ET	→ Building a culture of innovation and exploration	5 Being explorers and innovators	→ Fostering innovation, creativity and engagement through diversity to satisfy employees' need for inclusion, belonging, ongoing learning, personal growth and purpose	5 8 9

NC Natural capital


18 The Boulevard, Westville

Increasingly erratic climate patterns and other environmental challenges pose severe risks to our planet and humanity and require urgent attention from all levels of society. Understanding and responding to these challenges help us mitigate the associated risks to our business and responsibly deliver the most sustainable and smartest spaces the world has ever known.

What natural capital means to Redefine

Our natural capital consists of the resources we use, which include renewable and non-renewable environmental resources.

How natural capital supports our value creation goals

Natural capital is a critical part of how we create value. As such, preserving it is a business imperative. We strive to understand our key environmental focus areas (reflected below). In each of our focus areas, we aim to understand our impact, limit any negative impact we have on these areas, create awareness, and influence the right behaviours among all our stakeholders.

Our environmental focus areas

Climate change and resilience

Carbon footprint

Energy

Water

Waste

Green buildings

Biodiversity

Refer to our ESG report for detailed reporting on our approach and performance across these focus areas.

Key outcomes

- → Reduced the tCO_2e (including Scope 1, 2 and 3 emissions) by 3%
- → 4% reduction in total electricity demand
- → 2% increase in installed renewable energy capacity* | 26.3 MWp (2020: 25.9 MWp)
- → 10% reduction in water withdrawn from municipal and groundwater (borehole) sources
  - ▫ Municipal: 2 292 ML (2020: 2 535 ML)
  - ▫ Groundwater: 61 ML (2020: 87 ML)
- → No increase in internal waste management by GLA (2020: 39%)
- → 123 Green Star SA certifications (2020: 101)

Materiality

We identified the following matters as material to our natural capital through the materiality determination process. Each matter is grouped under a relevant materiality theme that speaks to our broader operating context.

Uncertain geopolitical and socio-economic growth factors

Material themes	Material matters	Managing these matters	Page
While supportive government policies are critical to both local economic growth and the implementation of certain of our environmental projects, the poor quality of local infrastructure, including water, energy and waste, often means that we must make alternative plans to ensure business continuity.	→ Government policy uncertainty → Infrastructure and administrative delivery locally	Our energy strategy	119
		Our water strategy	121
		Our waste management strategy	121

The evolving role of business in creating a prosperous and sustainable society

Material themes	Material matters	Managing these matters	Page
Global organisations and society at large are calling for businesses to play their role in reducing their environmental impact and driving innovation in order to preserve our stressed resources.	→ Climate change resilience → Energy management → Water and waste management	Driving behavioural change through engagement	117
		Climate change and resilience	118
		Biodiversity	123

Business model adaptability to the rapidly evolving context

Material themes	Material matters	Managing these matters	Page
We need to adapt the way we do business to stay relevant and highly adaptable. This includes leveraging technology and innovation to deliver on our strategic priorities.	→ Innovation and agility → Business model resilience	Our green building journey	122

Heightened demands on governance and regulatory context

Material themes	Material matters	Managing these matters	Page
Redefine is committed to being an ethical organisation. Regulations can positively drive our environmental commitment or hinder us through legal restrictions. To successfully achieve our environmental ambitions, we need to embed UN SDGs and ESG into our business and stakeholder relationships.	→ Regulatory compliance → Implementing effective ESG strategies → Effective stakeholder engagement and collaboration	Alignment with international best practice standards and frameworks	117

*See page 36 of our ESG report for details of the projects underway

NC Natural capital

CONTINUED

Our approach

We believe that to have a positive impact on our natural capital, we need a clear approach to how we identify, manage and measure our progress across our environmental focus areas. This approach is guided by our ESG strategy, with individual strategies, policies and accountability across each key environmental focus area. We measure our impact on the natural environment and take action in areas that require improvement. This enables us to be advocates for responsible environmental stewardship in the areas in which we excel.

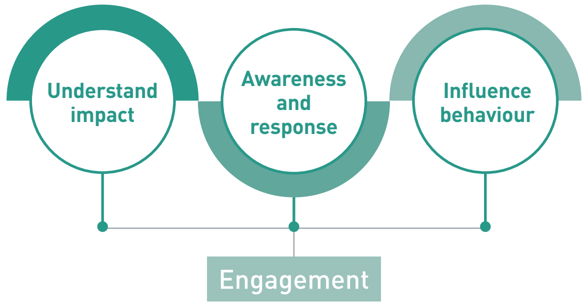
Our approach comprises:

- → **Our ESG strategy**
- → **Stakeholder engagement**
- → **Identifying and mitigating our environmental risk**
- → **Conducting scenario analyses (as a forward-looking measure)**
- → **Measuring our impact (metrics and targets)**
- → **Alignment to international best practice and standards**

We use widely adopted measures to communicate our environmental performance to our stakeholders and to provide comparability and context through a combination of forward-looking targets (contained in our ESG report) and internationally recognised reporting frameworks (notably Sustainability Accounting Standards Board (SASB) and, to an extent, TCFD). In this way, we ensure that we remain relevant in the context of global environmental stewardship efforts.

Driving behavioural change through engagement

We believe that effective environmental stewardship requires collective effort and responsibility from us and our stakeholders. By incorporating ESG into our stakeholder engagement, we are better able to create awareness and influence better practices.



Alignment with international best practice standards and frameworks

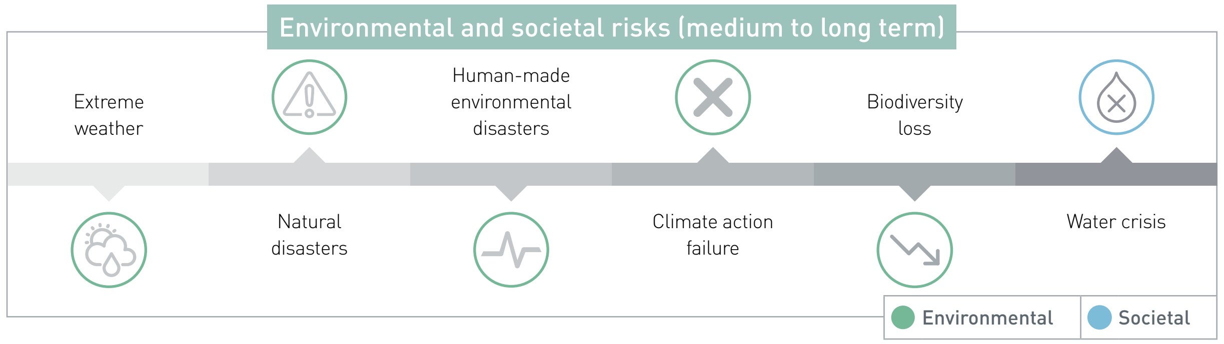
By aligning our activities with the UN SDGs, we play our role in realising the UN's call to protect the planet. We also align to SASB and the TCFD. Committing to these guidelines and other frameworks strengthens our ability to effect positive change through collaborative efforts across companies, industries and countries.

UN SDGs	SASB and TCFD	UNGC
→ Primary and secondary UN SDGs were identified in 2020	→ Started aligning our reporting practices to SASB and TCFD	→ Formal signatory to the UNGC
→ Measures and targets have been developed through our new KPA framework	→ Aligning environmental risks to the TCFD framework	→ Our annual communication on progress can be viewed on the UNGC website

Mitigating environmental risk

Our ESG risk assessment process identifies the overarching medium- and long-term risks that could inhibit our ability to create value for our stakeholders. Our internal environmental risk identification process identifies the direct and indirect impacts of environmental risks. We are aligning these risks with the TCFD framework by methodically determining financial impact values and associated costs to mitigate identified risks and address opportunities.

We will endeavour to use scenario analyses to understand forward-looking pathways and how these could potentially affect the resilience of our buildings. These analyses will inform our risk and opportunity identification, such as water risk, which is particularly significant as it affects the resilience of our buildings with greater frequency and severity due to extreme weather events – and is an environmental and social risk.



Going forward, we aim to further protect value throughout the life cycle of our business by incorporating environmental risk assessments into our development and investment decision-making process.

Climate change and resilience

We acknowledge that our business activities in the built environment contribute to, and accelerate, climate change. It has become a business imperative to safeguard our assets and investments (manufactured capital) against extreme weather and other catastrophic events and to mitigate the transitional risks associated with the gradual move to a low-carbon economy. We believe that investing in a sound climate resilience strategy will safeguard our capital investments and enable us to continue creating value.

Managing climate risk

We deepen our understanding of climate change by **defining how it impacts our business** and how our business contributes to climate change

We are aligning our climate change-related governance and environmental risk management framework **to the TCFD**

Climate change disclosure
(Leadership: implementing current best practices)
CDP score: B
(2020: A-)
(Global average: B-)

Aligning our environmental disclosure to best practice frameworks and standards helps us identify and measure the **financial impact of climate change-related risks** on our ability to create value

We have developed a timeline for implementing the TCFD guidelines, aligned to our ESG strategy. We will adopt the TCFD framework incrementally over an estimated two to four-year period, from the beginning of FY2022, taking into account any other local and international developments regarding climate risk management

Water disclosure
(Management: taking coordinated action on water issues)
CDP score: B
(2020: B)
(Global average: B)

We design buildings with long-term climate change risks in mind and **explore opportunities to improve** climate change resilience

We consider the **potential impact of climate change** (both transitional and physical risks) on the marketability of our properties

Supplier engagement rating
CDP score: A-
(2020: A)
(Global average: C)

Natural capital

CONTINUED

Carbon footprint reporting (GHG emissions)

Setting ambitious carbon emission reduction targets is a key driver in better managing emissions from operations under our direct control and thus reducing our erosion of natural capital. Our approach includes initiatives to increasingly use renewable sources of energy such as solar PV plants.

We reduced our overall carbon footprint by 3% from 581 283 tCO$_2$e in 2020 to 566 241 tCO$_2$e. Electricity remains the most significant contributor to our carbon footprint, accounting for 99% of our emissions (including Scope 3).

	Scope 1 Direct emissions (tCO$_2$e)		Scope 2 Indirect emissions (tCO$_2$e)		Scope 3 Indirect emissions (tCO$_2$e)	Total tonnes of carbon dioxide equivalent (tCO$_2$e)	Non-Kyoto gases
2021	3 265 0.6%	+	34 300 6.1%	+	528 676 93.4%	= 566 241	1 547
2020	3 684 0.6%	+	29 543 5.1%	+	548 056 94.3%	= 581 283	1 923
2019	3 668 0.5%	+	31 494 4.4%	+	678 096 95.1%	= 713 258	1 024

Total tonnes of carbon dioxide equivalent (tCO$_2$e)

2021 vs 2020 % change			
-11%	16%	-4%	-20%

Total tCO$_2$e emissions (Scope 1, 2 and 3) **= -3%**

Refer to our ESG report for our full carbon footprint.

Our energy strategy

Using energy is a key input to providing tenants with well-lit and appropriately powered premises from which they can run their businesses. These activities, however, place pressure on the natural capital base, in turn, placing pressure on resources. Loadshedding impacts our ability to provide uninterrupted service. In South Africa, electricity costs continue increasing amid supply constraints with significant implications for our business and tenants.

Our energy strategy focuses on

Scope 1	Scope 2	Scope 3
Reducing consumption and the cost of energy from the national grid	Reducing consumption of energy in our common areas (under our direct control)	Assisting our tenants in reducing energy consumption and cost

To give effect to our focus areas, we aim to implement alternative and/or renewable energy sources and reduce consumption at energy-intensive buildings. Lighting systems are retrofitted with efficient lighting technology and solar PV plants are installed to provide renewable energy.

Our ESG strategy, aligned with our adoption of UN SDG 7 (affordable and clean energy), UN SDG 11 (sustainable cities and communities) and UN SDG 13 (climate action), is shifting our focus to reconsider decision-making frameworks to implement our initiatives. By introducing efficiency-first principles, our direct impact on the climate action approach to carbon emission reductions aligns with global net zero principles.

Going forward, our buildings' energy efficiency may be prescribed by regulations such as municipal green building guidelines or national energy efficiency standards, regardless of whether the energy is sourced from on-site renewables or the power grid.

Energy framework

Absolute electricity consumption (MWh)			Scope 2 like-for-like energy consumption (MWh#)		
2021	526 680	6.1% decrease	2021	30 140	17% increase
2020	560 386		2020	26 302	

We achieved a combined energy reduction of 36 619 MWh (2020: 33 379 MWh) through optimisation and renewable energy projects – a 9.7% increase from 2020.

The growing imperative of renewable energy

Our goal is to increase the generation of renewable energy throughout our portfolio. We believe that solar power is the most cost-effective, efficient and environmentally friendly way to generate our own electricity. We are the REIT with the largest solar PV footprint in South Africa.

We identified opportunities to expand our existing installations in our retail portfolio and have identified additional projects within our office and industrial portfolio. Since the department of minerals and energy lifted the 1 MWp limit for embedded generation. **Our current installed solar PV capacity is 26.3 MWp. The sale of Langeberg Mall reduced our total solar PV installed capacity by 1.4 MWp. Additional projects at 13 properties have been approved and are underway, with a cost of R148.4 million, to add an additional 13.5 MWp, which will increase our total installed solar PV capacity to 39.8 MWp. It is anticipated that these projects will yield a first-year return of 19.3%.**

Renewable energy

2% increase in installed renewable energy capacity | 26.3 MWp (2020: 25.9 MWp)	Our solar PV fleet generated 5.8% (2020: 6%) of total electricity requirements

NC Natural capital

CONTINUED

Our water strategy

Most of our properties are in water-stressed areas. Our water-risk mapping indicates that baseline water stress poses the highest risk to our portfolio, with 51% of our properties identified as high risk and 14% as extremely high risk. This is challenged further by unreliable municipal infrastructure and supply.

As such, we are mindful of managing water supply and consumption. Focusing on security and safety of supply as well as optimising our consumption, our water strategy pursues water harvesting, treatment and storage facilities in line with regulated water use licences.

Water security addresses the risk posed by ailing water and sanitation infrastructure and services supplied by municipalities with initiatives that ensure safe operating environments at our properties. Water optimisation initiatives align with our climate action objectives and the responsible use of water as a scarce resource.

Our water consumption is mainly determined by the users of our spaces. To encourage the responsible use of water, we will seek ways of improving our engagement with these stakeholders. Our smart management approach to water use efficiency is based on regular equipment maintenance and key measurements that enable early leak detection.

Water framework

Measurement

Security and safety of supply		Water use optimisation
Water harvesting, recycling and storage	**Influence and engagement**	**Water efficiency interventions**
Groundwater and waste water treatment facilities	Green Star SA certifications	Smart management → Leak detection → Automatic shutdown valves → Targeted equipment replacement

Rolling out smart bulk metering and early leak detection systems

Total water withdrawal (kl)	Total municipal water withdrawal*	Total withdrawal from groundwater sources
2021	2 291 891	60 638
2020	2 534 933	86 554
2019	3 058 878	73 577

*Excludes extrapolated data, acquisitions, developments and disposals
#Impacted by COVID-19 lockdowns

Like-for-like comparison*#	kl	kl/GLA
% decrease	13.9%	3%
2021	1 993 620	0.56
2020	2 316 037	0.58
2019	2 758 784	0.69

7 485 smart meters installed at properties to date

We have been including groundwater extraction sources, such as boreholes, in measuring our water footprint since 2019.

Priority in 2022: Reduce water withdrawal by 5% or 70 megalitres.

Our waste management strategy

Our waste footprint includes waste generated through the life cycle of the property and through daily operations. As part of our commitment to responsible production and consumption, we must manage the waste generated at our properties and positively influence our tenants and suppliers to responsibly manage their waste and consumption, including pollution and the use of hazardous materials.

We implemented a waste management strategy that follows best practice guidelines.

Our waste management strategy focuses on

1. **Internal waste management**
2. **Measure and categorise**
3. **Influence behaviour**
4. **Reduce production**
5. **Increase recycling**

We remain largely dependent on municipal waste removal services (61% of GLA). We continuously strive to internalise waste management services to ensure that we can measure and understand our waste streams and how best to control them. In 2021, we assessed our waste footprint for the fifth year.

Waste

Internal waste management footprint remained constant at 39% of our total GLA (2020: 39%)	We recycled **3 412** tonnes of waste (2020: 2 560 tonnes), accounting for **47.9%** of internally managed waste removal	Completed a full waste stream assessment at Centurion Mall in 2021

Consistent collection of waste data provides the information we need to monitor our environmental impact, assess our process efficiency, and set targets to reduce the amount of waste we produce. Our waste management data collection includes properties within our operational control with waste management metrics aligned to our SASB activity metrics.

Our green building journey

We aim to address climate change with net zero buildings that generate their own energy, harvest grey water and recycle waste on site. The social, environmental and economic benefits of green buildings contribute to the achievement of the UN SDGs. Green buildings reduce adverse environmental impacts with efficient use of water, energy and other natural resources – realising financial benefits in utility bills, construction costs, property value, and the health and well-being of people.

The next step in our journey will be the move to net zero buildings. Our net zero pathway will fundamentally change how we manage our buildings and investments. Redefine will be embarking on this journey to net zero using a phased approach. **Please see our ESG report for more information on this journey.**

We drive our green building goals by setting targets to achieve Green Star SA certifications and participating in the Morgan Stanley Capital International Global Green Building Index. We also participate in the C40 Cities (mayors committed to climate change action) as we work towards making new and existing buildings net zero carbon by 2030 and 2050, respectively.

We strive to use building materials sustainably and encourage our tenants to do the same. Our cradle-to-grave approach to our assets includes life cycle impact assessments, reduces carbon emissions during the operational life of the building, explores circularity principles, and focuses on the embodied carbon of our activities and materials during construction.

Green buildings

123 Green Star SA certifications (2020: 101)	**20%** of total GLA certified	**Developed tenant green guideline** as part of Green Star SA certification journey to encourage energy- and water-efficient equipment

NC Natural capital

CONTINUED

Biodiversity

Protecting biodiversity is paramount to a healthy natural environment. As we improve our understanding of our reliance on nature, we become increasingly aware of the impact of our activities, especially in construction and fit-outs, on the extraction of resources directly from nature.

Our approach to protecting biodiversity includes

1. Adhering to the property sector code, which includes environmental preservation in areas where biodiversity is at risk due to property development
2. Conducting due diligence assessments at all new developments to ensure that we do not harm any vulnerable species or sensitive ecological systems on land we have earmarked for development
3. Responsible landscaping at our properties by replacing impermeable surfaces, bare ground and weed-infested areas with endemic plants that have naturally adapted to the local environment
4. Progressing our alignment with TCFD and, in doing so, increasing our understanding of biodiversity-related risks and providing a roadmap of new opportunities
5. Increasing our understanding of the resources extracted for construction and fit-outs of buildings

We are confident that our alignment with TCFD and global thinking around regenerative design principles will ensure our sustainable, net-positive impact on the environment.

Looking beyond

To be a force for good and to drive our UN SDG commitments, we must carefully manage our natural capital consumption. We continue to embed ESG into everything we do, and we embrace the circular economy and amplify our green initiatives.

	Short- to medium-term priorities	Long-term priorities (2021 to 2031)		UN SDG commitments
GR	→ Introducing a climate resilience framework → Embedding ESG into our stakeholder relationships	3 Being a force for good	→ Identifying and beginning urban regeneration and sustainability projects → Delivering flagship sustainability projects	6 CLEAN WATER AND SANITATION 11 SUSTAINABLE CITIES AND COMMUNITIES 17 PARTNERSHIPS FOR THE GOALS 7 AFFORDABLE AND CLEAN ENERGY 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 13 CLIMATE ACTION
OE	→ Optimising operational efficiency	4 Creating ecosystems	→ Creating smart and sustainable spaces through an adaptable, collaborative and agile shift in focus	6 CLEAN WATER AND SANITATION 7 AFFORDABLE AND CLEAN ENERGY 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Shareholders' diary

Important dates to note	Date
AGM	17 February 2022
2022 half-year end	28 February 2022
Summarised interim financial results for 2022 published on or about	16 May 2022
Interim dividend declaration on or about	16 May 2022
2022 financial year end	31 August 2022
Summarised financial results for 2022 published on or about	14 November 2022
Final dividend declaration on or about	14 November 2022

Please note that these dates are subject to alteration

Alice Lane, Sandton

Definitions

AC	Audit committee
ACI	African, Coloured and Indian
AFS	Annual financial statements
AGM	Annual general meeting
BBBEE	Broad-based black economic empowerment
board	Board of directors
capex	Capital expenditure
CDP	Formerly the Carbon Disclosure Project
CEO	Chief executive officer
CFO	Chief financial officer
Chariot	Chariot Top Group
COO	Chief operating officer
CO_2e	Carbon dioxide equivalent
Companies Act	Companies Act, No 71 of 2008 (as amended)
COVID-19	Coronavirus disease 2019
CSI	Corporate social investment
ELI	European Logistics Investment
ESD	Enterprise and supplier development
ESG	Environmental, social and governance
ERM	Enterprise risk management
EVP	Employee value proposition
EWP	Employee wellness programme
FY	Financial year
GDP	Gross domestic product
GHG	Greenhouse gas
GLA	Gross lettable area
GMR	Gross monthly rental
IC	Investment committee
ICT	Information and communications technology
IFRS	International Financial Reporting Standards
International <IR> Framework	The International Integrated Reporting Council's International Integrated Reporting Framework
IR	Integrated report

IT	Information technology
JSE	JSE Limited
King IV™	King IV™ Report on Corporate Governance for South Africa 2016
kl	kilolitre
KPA	Key performance area
KPI	Key performance indicator
kWh	Kilowatt hour
LED	Light-emitting diode
LTI	Long-term incentive
LTV	Loan-to-value
MOI	Memorandum of Incorporation
MW	Megawatt
MWh	Megawatt hour
MWp	Megawatt peak
NAV	Net asset value
NOI	Net operating income
Nom	Nomination and governance committee
NGO	Non-governmental organisation
PV	Photovoltaic
RC	Risk, compliance and technology committee
Redefine	Redefine Properties Limited
REIT	Real Estate Investment Trust
Remco	Remuneration committee
SA	South Africa
SASB	Sustainability Accounting Standards Board
SDGs	Sustainable Development Goals
SET	Social, ethics and transformation committee
STI	Short-term incentive
TCFD	Task Force on Climate-related Financial Disclosures
TNAV	Tangible net asset value
UNGC	United Nations Global Compact
WEPs	Women Empowerment Principles

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