REDEFINE PROPERTIES LIMITED

reflect

INTEGRATED REPORT 2015

REDEFINE PROPERTIES

Wembley Square, Gardens, Cape Town

reflect

2015 marks 15 years since listing

We celebrated 15 years of growth this year – growth in terms of returns, assets, people and impact.

REDEFINE PROPERTIES

We're not landlords. We're people.

CONTENTS

FORWARD-LOOKING STATEMENTS

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

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

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

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

HOW TO NAVIGATE OUR REPORT

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

Capitals

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

Sector

- Office
- Retail
- Industrial

Interactive PDF navigation

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Report references

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

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

ABOUT OUR REPORT

REDEFINE'S INTEGRATED REPORT 2015 SUITE:

Click on any of the covers to download the PDF

IR AFS MC SES CGR

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

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

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

FEEDBACK

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

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

INTEGRATED THINKING AND REPORTING

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

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

Report	Frameworks applicable
IR INTEGRATED REPORT This report contains a holistic and integrated presentation of the group's performance in terms of financial, manufactured, human, intellectual, social and relationship and natural capital. The report is primarily aimed at financial capital providers and includes a review of our strategy, performance during the year and prospects.	• IIRC's Framework • The Companies Act 2008 • The JSE Listings Requirements • King III
AFS ANNUAL FINANCIAL STATEMENTS The annual financial statements provide a detailed analysis of the group's performance for the year. The integrated report, read together with the annual financial statements provides a comprehensive overview of Redefine's performance and prospects.	• IFRS • The Companies Act 2008 • The JSE Listings Requirements • King III
MC FULL MANUFACTURED CAPITAL REVIEW This review details our property portfolio and discusses market trends, the performance, acquisitions, disposals and developments of our properties during the year.	• The JSE Listings Requirements
SES SOCIAL, ETHICS AND SUSTAINABILITY REPORT The report of the social and ethics committee details the group's broader impacts and is aimed at a wider audience than the integrated report.	• The Companies Act 2008 • King III
CGR CORPORATE GOVERNANCE REPORT This report details our corporate governance structures, committee performance and other issues relating to the governance of the group, including our compliance with the principles of King III.	• The Companies Act 2008 • King III

BOUNDARY AND SCOPE

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

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

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

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

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

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

BOARD RESPONSIBILITY STATEMENT

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

Marc Wainer
Executive chairman

Bernie Nackan
Lead independent non-executive director

Andrew König
Chief executive officer

David Nathan
Independent non-executive director

David Rice
Chief operating officer

Günter Steffens
Independent non-executive director

Harish Mehta
Non-executive director

Leon Kok
Financial director

Michael Watters
Non-executive director

Mike Ruttell
Executive director: development

Phumzile Langeni
Independent non-executive director

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

LOCAL AND INTERNATIONAL BENCHMARKING

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

Member of Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

Top Employer South Africa 2016
Certified excellence in employee conditions

Green Building Council South Africa
Member organisation 2015

GRESB Participant 2015

JSE

ASSURANCE

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

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

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

WHAT IS VALUE?

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

ISSUES THAT ARE MATERIAL TO OUR SUCCESS

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

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

THE MATERIAL MATTERS WE IDENTIFIED THIS YEAR ARE:

1 ENHANCING OPERATIONAL EFFICIENCY

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

2 INVESTING STRATEGICALLY

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

3 OPTIMISING CAPITAL EFFICIENCY

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

4 MITIGATING THE SKILLS SHORTAGE IN THE PROPERTY INDUSTRY

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

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

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

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

Boulevard Office Park, Woodstock, Cape Town

realise

Section 1: Essential reads

Who we are is not only what we do. Our vision, values and strategy determine the course we set for ourselves as we deliver value to our stakeholders.

We're not landlords. We're people.

PERFORMANCE BY FORMS OF CAPITAL

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

FINANCIAL

Included in the **JSE Top 40**

7.3% growth in distribution to 80.0 cents per share

50.1% increase in market capitalisation to R54.8 billion

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

R14.1 billion of capital raised

LTV improved to 36.8% despite high level of acquisitions

Total assets exceed **R70 billion**

MANUFACTURED

R11.2 billion acquisitions concluded during the year

R3.8 billion developments in progress

R1.4 billion in developments completed

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

Conclusion of **Fountainhead merger**

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

HUMAN

Accredited as a **Top Employer**

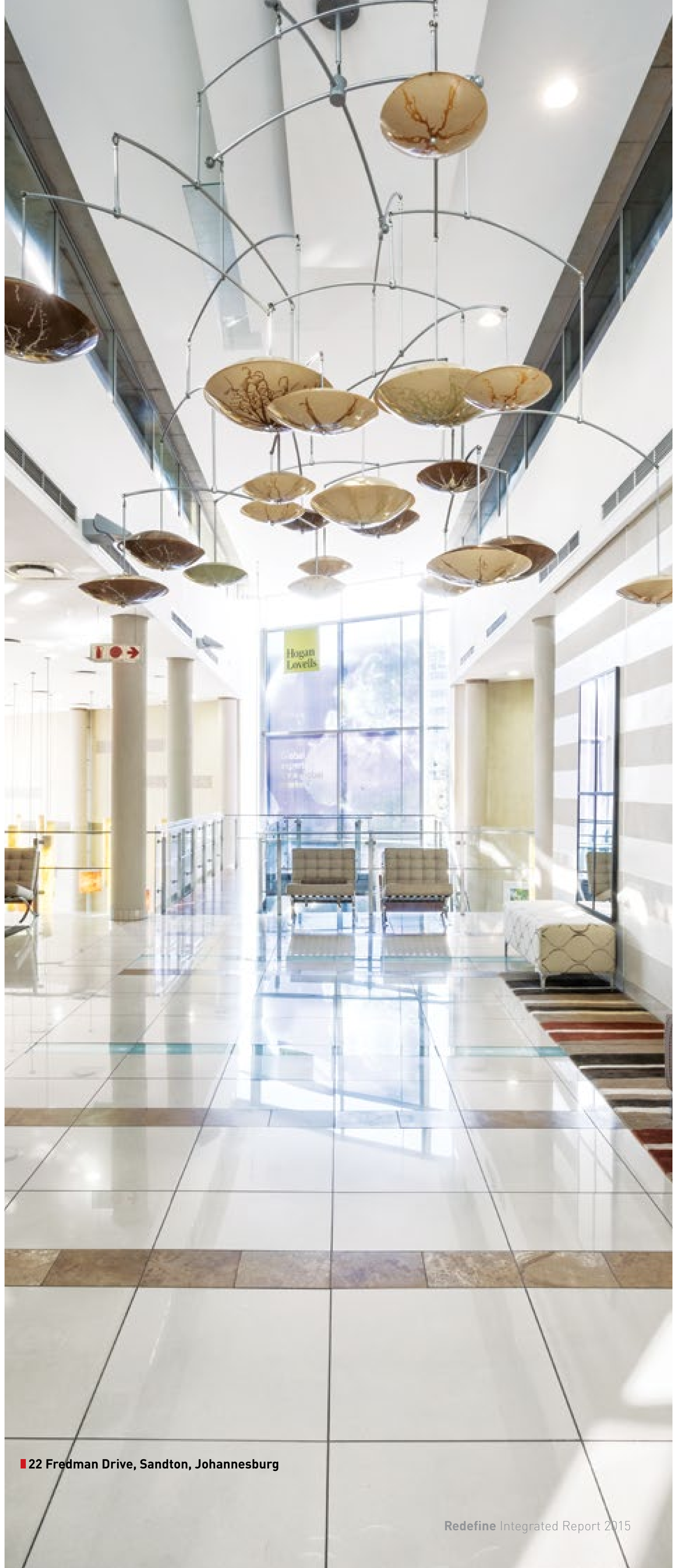
R11.1 million net property income per employee

Over R5 million invested in employee training

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

112 increase in staff headcount

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



22 Fredman Drive, Sandton, Johannesburg

INTELLECTUAL

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

Developed our **sustainability** strategy and policy

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

SACSA Retail and Development award for Matlosana Mall

149 years combined executive management experience

NATURAL

13% decrease in Scope 1 and 2 emissions

Inclusion in Dow Jones Sustainability Index

Best performing REIT in 2015 CDP

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

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

Pioneering a green star South African industrial rating tool

SOCIAL AND RELATIONSHIP

R3.0 billion Redefine Empowerment Trust established

BASA award for partnership with Buskaid Music Academy

R3.4 million spent on CSI initiatives

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

Improved BBBEE rating to a level 3

Ethics survey extended to tenants and suppliers

We're not landlords. We're people.

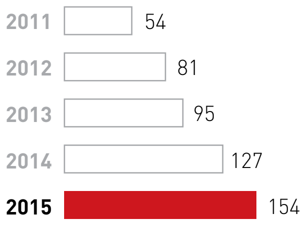
Redefine is a diversified South African REIT, with a strategic focus centred on delivering sustained value to stakeholders. We control a property income earning asset base with a market value of R64.5 billion and are capitalised on the JSE at R54.8 billion.

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

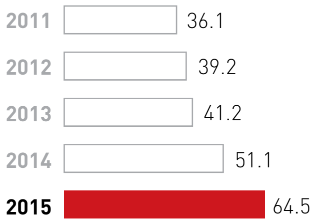
Redefine has made significant progress in implementing our strategy of diversifying, growing and improving the quality of our property portfolio. The portfolio bears little resemblance to what it was four years ago with the average value per property increasing from R54 million to R154 million.

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

AVERAGE VALUE PER PROPERTY
(R million)



GROWTH IN PROPERTY ASSETS UNDER MANAGEMENT
(R billion)



2015 YEARS OF GROWTH

WHAT WE BELIEVE

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

WHAT WE STAND FOR

We strive for professionalism with personality, delivered through:

Unconventional thinking	Simplicity and straight talk
Decisive action	Trusting partnerships

OUR VALUES UNDERPIN OUR SUCCESS

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

HOW YOU BENEFIT

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

REDEFINE PROPERTIES

Direct local property portfolio
- Industrial
- Retail
- Office
- Specialised

R51.2 billion

Local listed securities
11.5% Emira
R0.9 billion

Loans receivable
R1.8 billion

Direct international properties
50% German portfolio
R0.7 billion
50% Northpoint
R0.7 billion

Cromwell
25.6%
R4.3 billion

RI PLC
30.1%
R4.9 billion

TOTAL PROPERTY ASSETS UNDER MANAGEMENT

R64.5 billion

REDEFINE AT A GLANCE

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

28.5%
TOTAL ANNUAL INVESTOR RETURN

50.1%
INCREASE IN MARKET CAP

R53.0 billion
PROPERTY PORTFOLIO

TOP 10 PROPERTIES BY VALUE

Office Retail

Office Retail

CENTURION MALL

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

MATLOSANA MALL

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

BLUE ROUTE MALL

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

THE TOWERS

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

EAST RAND MALL

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

KENILWORTH CENTRE

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

BLACK RIVER PARK

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

N1 CITY MALL

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

GOLDEN WALK

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

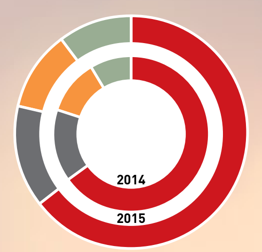
90 RIVONIA ROAD

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

GEOGRAPHICAL SPREAD

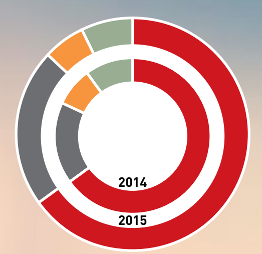
EUROPE		SOUTH AFRICA		AUSTRALIA	
8.5% of total distribution	7.5% of property assets	83.0% of total distribution	84.7% of property assets	8.5% of total distribution	7.8% of property assets

NUMBER OF PROPERTIES



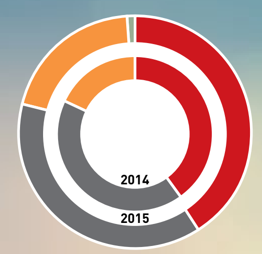
	2015	2014
Gauteng	**215**	176
Western Cape	**47**	40
KwaZulu-Natal	**37**	31
Other	**34**	23

GEOGRAPHIC SPREAD BY VALUE (%)



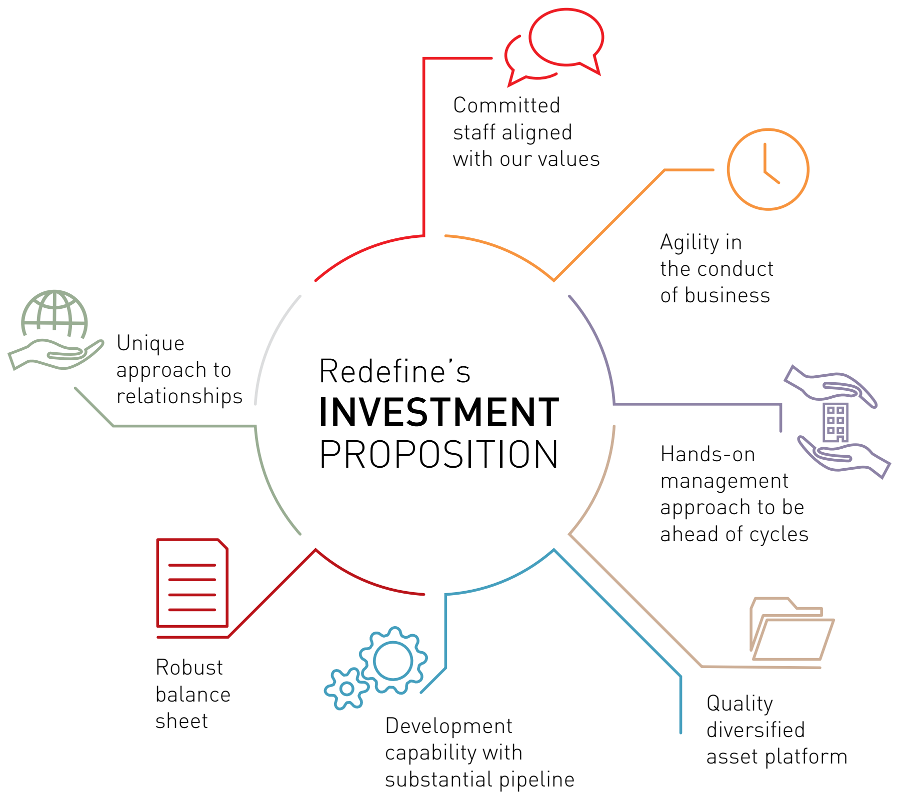
	2015	2014
Gauteng	**65**	65
Western Cape	**22**	17
KwaZulu-Natal	**6**	8
Other	**7**	10

SECTORAL SPREAD BY VALUE (%)



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

OUR INVESTMENT PROPOSITION



COMMITTED STAFF
aligned with our values

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

AGILITY
in the conduct of business

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

QUALITY
DIVERSIFIED ASSET PLATFORM

OUR LOCAL PROPERTY PRESENCE:

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

INTERNATIONAL DIVERSIFICATION THROUGH:

30.1% direct holding in LSE and JSE listed RI PLC

25.6% direct holding in ASX listed Cromwell

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

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

HANDS-ON MANAGEMENT
approach to be ahead of cycles

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

DEVELOPMENT CAPABILITY
with substantial pipeline

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

ROBUST BALANCE SHEET
and platform to execute large-scale transactions

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

UNIQUE APPROACH
to relationships sets us apart

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

OUR GLOBAL CONTEXT

POSITIVE FACTORS

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

NEGATIVE FACTORS

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

OUR RESPONSE

SO WE:

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

Low growth rates, with marginal improvement expected in 2016

OUR SOUTH AFRICAN CONTEXT

POSITIVE FACTORS

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

NEGATIVE FACTORS

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

OUR RESPONSE

SO WE:

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

PROPERTY MARKET CONTEXT

O OFFICE
R RETAIL
I INDUSTRIAL

OFFICE TRENDS

OVERSUPPLY IN THE MARKET...

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

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

OUR RESPONSE

SO WE:

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

RETAIL TRENDS

BATTLE FOR MARKET SHARE...

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

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

RESULTING IN continued modest growth in retail sales volumes

OUR RESPONSE

SO WE:

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

INDUSTRIAL TRENDS

A DEFENSIVE SECTOR...

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

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

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

OUR RESPONSE

SO WE:

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

WHERE WE'RE GOING

Our vision is to be the best

not necessarily the biggest SA REIT

HOW WE GET THERE

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

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

OUR KEY STAKEHOLDER GOALS

BE THE BUSINESS PARTNER OF CHOICE

TENANTS

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

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

INVESTMENT PARTNERS

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

Our needs
- A partner aligned with our interests and values

SUPPLIERS

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

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

SHOPPERS

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

Our needs
- Their continued support of our shopping centres

BE THE EMPLOYER OF CHOICE

EMPLOYEES

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

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

BE THE COMMUNITY PARTNER OF CHOICE

COMMUNITIES

Their needs
- Targeted interventions and support to effect meaningful change

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

BE THE INVESTMENT OF CHOICE

INVESTORS AND FUNDERS

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

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

OUR STRATEGIC PRIORITIES

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

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

STRATEGIC PRIORITIES

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

ASSESSMENT OF 2015 PRIORITIES:

✔ Completed
✘ Unfinished business
∞ Continuous process

Refer page 24 to 25 for top of mind risks.

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

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

TOP OF MIND RISKS

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

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

Risk management process

Identify

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

Assess and measure

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

Response and action

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

Monitor and report

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

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

TOP OF MIND RISKS CONTINUED

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

Risk ranking	Risk and impact	Mitigation	Strategic priority impacted	Capital impacted
1	**SLUGGISH OR NEGATIVE ECONOMIC GROWTH** Macro environment weaknesses could reduce demand for space and increase the potential for tenant defaults thereby undermining rental income levels.	• Ensuring appropriate tenant selection criteria for good quality tenants, monitoring of tenant strength and effective credit management • Appropriate diversification of foreign and local assets • Increased focus on the development of a sound defensive asset base	1-6	Financial, Manufactured
2	**DOWNGRADING OF SOUTH AFRICA'S SOVEREIGN RATING** The impact of a downgrading on South Africa, potential downgrading of banks and that of Redefine's own rating, would result in reduced availability of funding which could limit liquidity leading to restriction of investing and operating activities and/or increase in funding costs.	• Appropriate diversification of foreign and local assets • Diversification of funding • Hedging of funding	3 and 4	Financial, Manufactured
3	**RISE IN INTEREST RATES** A rise in interest rates could limit our ability to access further funding, reduce distributable earnings or influence capitalisation rates for property valuations/renewal values.	• Hedging policy in place • Diversifying funding sources • Spreading debt maturity profile • Geographical diversification	4	Financial
4	**DISRUPTION TO SUPPLY OF UTILITY SERVICES AND/OR SIGNIFICANT INCREASES IN MUNICIPAL CHARGES AND ELECTRICITY TARIFFS** Challenges experienced with electricity supply including the imminent water crisis puts pressure on tenants to run their businesses profitably and potentially increases our operating costs. Significant increases in utility expenses may reduce demand for our space, potentially impact tenant affordability and reduce returns.	• Smart-metering project implementation to further enhance the management of consumption, supplier utility billings and tenant recoveries • PV solar and backup generators project implementation • Focus on building efficiencies to reduce consumption • Maintenance of relationships with appropriate management in local councils • Location of properties in well-serviced areas	1 and 2	Financial, Manufactured, Natural
5	**INCREASED COMPETITION FOR TENANTS AND PROPERTY ASSETS** The pool from which future acquisitions can be sourced is diminishing which could increase the cost of property investments. With property supply levels exceeding tenant demand, increased competition for tenants could increase vacancies and result in poorer rentals.	• Appropriate sector and geographical diversification of assets • Exploration of alternative asset classes	3 and 5	Financial, Manufactured, Social and relationship
6	**INADEQUATE RATE OF COMPLIANCE AND INABILITY TO COMPLY WITH THE AMENDED BBBEE REQUIREMENTS** A poor BBBEE rating has a direct impact on our ability to attract and retain tenants, in particular those tenants who require a landlord with a rating that will maintain or improve their own rating. It also impacts on our ability to compete on development bids and leases.	• Implementation and monitoring of the BBBEE compliance strategy that focuses on the requirements of the relevant legislation and property sector scorecard, whilst keeping abreast of any changes in the legislation and scorecard	1	Financial, Manufactured, Social and relationship
7	**TENANT CONCENTRATION** High concentration of specific tenants could have a material impact on rental income in the event of a tenant insolvency or withdrawal from the portfolio.	• Extending and improving lease portfolio • Review of the portfolio with the view to retain or dispose of certain properties • Ongoing monitoring of tenant strength	2 and 3	Financial
8	**FAILURE TO COMPLY WITH LAWS AND REGULATIONS** The volume and increasing complexity of new and amended legislation that is being introduced in South Africa often requires the reallocation of financial and human resources to implement and address the legislation requirements. With geographic expansion into new markets, there is a need to understand the local regulatory requirements.	• Implementation of the compliance framework, which includes the monitoring and assessment of new and amended legislation by the legal team as well as measures being implemented by business to ensure compliance • International expansion is conducted in collaboration with local partners	1-6	Financial, Manufactured, Human, Social and relationship, Intellectual, Natural
9	**FAILURE TO ATTRACT OR RETAIN KEY EXECUTIVES AND STAFF** Limited skills' availability in the property sector may impact our ability to retain high-performing staff and to react to market opportunities in a timely manner.	• Implementation and monitoring of the succession planning strategy (includes talent retention) • Responsible/proactive management of the long-term incentive programme • Ongoing communication to ensure an engaged workforce • Salary benchmarks to ensure employees are appropriately remunerated • Performance management process	1 and 2	Human, Intellectual
10	**PROPERTY OBSOLESCENCE** Change in tenant needs, the appeal of property locations, a property's aesthetic appeal or poor energy efficiency may lead to the inability to attract or retain tenants as well as potentially increasing our operating costs.	• Increased focus on the development of a sound defensive asset base • Refurbishment and redevelopment programme • Design and implementation of a formal programme to address the sustainability initiatives required for appropriate client and other stakeholder satisfaction	1 and 6	Manufactured
11	**INCREASE IN SECURITY THREATS** Increase in crime (including cyber) as well as civil unrest could adversely impact the safe and secure environment provided for our stakeholders, leading to financial and/or reputational damage.	• Appropriate sector and geographical diversification of assets • Effective security programme and evacuation procedures including closer liaison with SAPS • Appropriate insurance programme in place • Continuous improvement of the cyber security programme • Awareness training	1 and 2	Financial, Social and relationship

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

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

CAPITALS:

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

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

18-month time horizon

Impact on Redefine / **Likelihood of risk** occurring within 18 months

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

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

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

5-year time horizon

Impact on Redefine / **Likelihood of risk** occurring within 5 years

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

SOURCES OF CAPITAL

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

FINANCIAL CAPITAL

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

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

HUMAN CAPITAL

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

INTELLECTUAL CAPITAL

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

SOCIAL AND RELATIONSHIP CAPITAL

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

MANUFACTURED CAPITAL

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

NATURAL CAPITAL

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

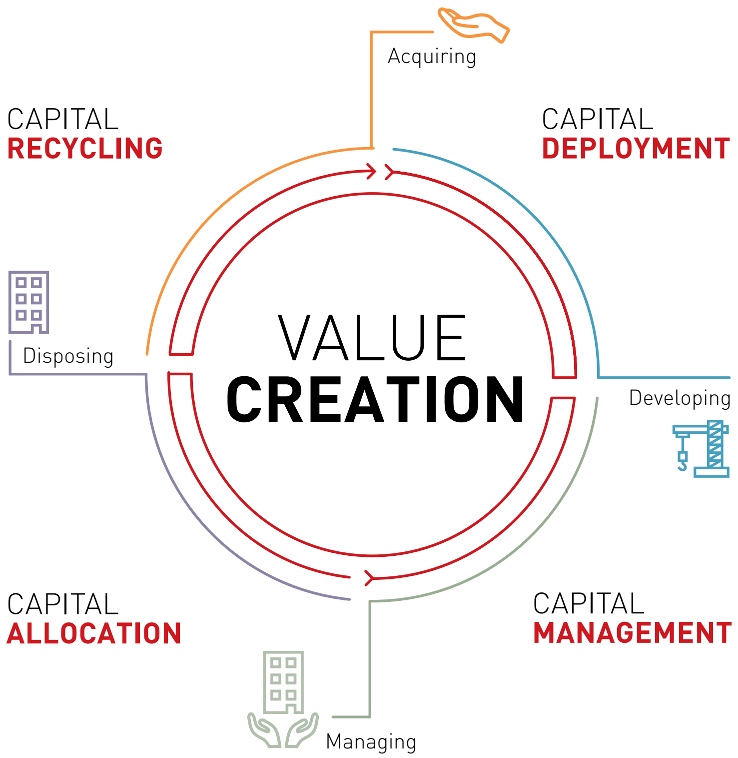
OUR BUSINESS ACTIVITIES

ASSET MANAGEMENT

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

PROPERTY MANAGEMENT

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



WHAT WE DELIVER

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

Convention Tower, Foreshore, Cape Town

Quality spaces embedded in society

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

OUR OUTCOMES

OUR SHAREHOLDERS

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

OUR EMPLOYEES

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

OUR COMMUNITY

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

OUR FUNDERS

- (+) Paid interest of R1.7 billion

GOVERNMENT

- (+) Contributed R1.4 billion through municipal rates and taxes and corporate taxes

OUR ENVIRONMENT

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

(+) Positive outcome
(−) Negative outcome

UNDERSTANDING THE IMPACTS OF OUR BUSINESS BY CAPITAL

OUR **PRIMARY** BUSINESS ACTIVITIES

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

Black River Park, Observatory, Cape Town

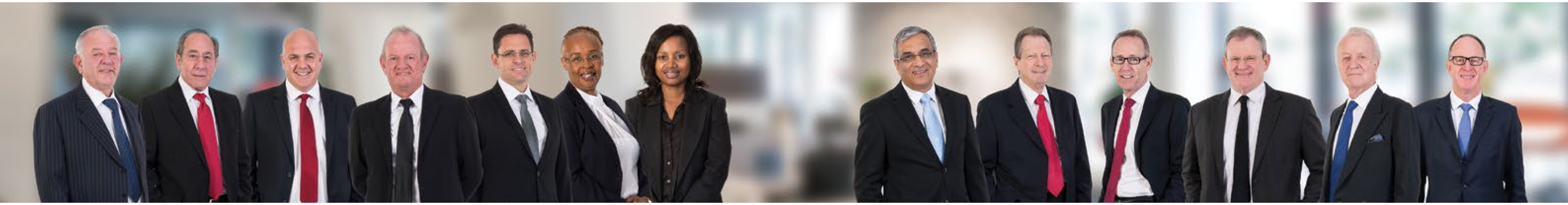
OUR **PRIMARY** BUSINESS ACTIVITIES

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

\+ Positive outcome

− Negative outcome

BOARD OF DIRECTORS



Marc Wainer | Bernie Nackan | Andrew König | Marius Barkhuysen | Leon Kok | Ntombi Langa-Royds | Phumzile Langeni | Harish Mehta | David Nathan | David Rice | Mike Ruttell | Günter Steffens | Michael Watters

MARC WAINER (67)

Executive chairman

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

Committee membership:
Executive and investment committees.

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

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

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

BERNIE NACKAN (71)

Lead independent non-executive director

BA Econ (Wits), SEP (Stanford – USA)

Appointment to the board:
Appointed in 2009.

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

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

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

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

ANDREW KÖNIG (48)

Chief executive officer

BCom, BAcc, CA (SA)

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

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

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

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

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

MARIUS BARKHUYSEN (59)

Independent non-executive director

Appointment to the board:
Appointed in November 2015.

External appointments:
None.

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

LEON KOK (44)

Financial director

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

Appointment to the board:
Appointed in October 2014.

Committee membership:
Executive committee and social and ethics committee.

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

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

NOMALIZO BERYL (NTOMBI) LANGA-ROYDS (53)

Independent non-executive director

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

Appointment to the board:
Appointed in November 2015.

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

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

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

PHUMZILE LANGENI (41)

Independent non-executive director

BCom (Natal), BCom Hons (UNISA)

Appointment to the board:
Appointed in May 2015.

External appointments:
Executive chairman of Afropulse Group Proprietary Limited and non-executive chairman of Astrapak Limited and the Mineworkers Investment Company Proprietary Limited. Non-executive director of Imperial Holdings Limited, Massmart Holdings Limited, Primedia Proprietary Limited, Transaction Capital Proprietary Limited, Metrofile Holdings Limited and other unlisted companies. Phumzile is also a trustee of the KZN Growth Fund.

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

HARISH MEHTA (65)

Non-executive director

BSc, MBA

Appointment to the board:
Appointed in September 2009.

Committee membership:
Remuneration and nomination committees.

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

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

DAVID NATHAN (66)

Independent non-executive director

CA (SA)

Appointment to the board:
Appointed in March 2014.

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

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

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

DAVID RICE (59)

Chief operating officer

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

Committee membership:
Executive and investment committees.

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

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

MIKE RUTTELL (57)

Executive director: development

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

Appointment to the board:
Appointed in September 2013.

Committee membership:
Executive and social and ethics committees.

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

GÜNTER STEFFENS (78)

Independent non-executive director

CA (SA)

Appointment to the board:
Appointed in September 2013.

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

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

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

MICHAEL WATTERS (56)

Non-executive director

BSc Eng (Civil), MBA

Appointment to the board:
Appointed in August 2014.

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

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

TOTAL RETURN IN 15 YEARS

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

2015 MILESTONES

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

2015 YEARS OF GROWTH

Inclusion in the JSE

TOP 40

INDEX

2015

MARKET CAP INCREASED TO

R54.8 BILLION

2014

MARKET CAP INCREASED TO

R36.4 BILLION

2013

MARKET CAP INCREASED TO

R30.2 BILLION

2012

MARKET CAP INCREASED TO

R26.6 BILLION

2011

MARKET CAP INCREASED TO

R22.3 BILLION

Wembley Square, Gardens, Cape Town

Maponya Mall, Soweto, Greater Johannesburg

reassured

Section 2: Leadership commentary

The success of our company relies upon bold and decisive leadership and forward planning. We had a prosperous year, despite the challenging environment and look forward to equally successful future endeavours.

We're not landlords. We're people.

EXECUTIVE CHAIRMAN'S INTERVIEW

HOW WOULD YOU DESCRIBE THE OPERATING ENVIRONMENT IN 2015?

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

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

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

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

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

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

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

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

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

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

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

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

WHAT DO YOU BELIEVE SETS REDEFINE APART FROM ITS COMPETITORS?

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

Marc Wainer
Executive chairman

"PROPERTY ASSETS OF **R64.5 billion**."

"EMPLOYED **364** PROPERTY PROFESSIONALS."

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

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

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

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

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

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

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

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

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

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

HOW DO YOU BELIEVE THE GROUP CREATES VALUE?

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

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

IS THERE ANYTHING ELSE YOU WOULD LIKE TO ADD?

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

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

CHIEF EXECUTIVE'S REVIEW

OVERVIEW

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

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

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

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

RESPONDING TO OUR CONTEXT

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

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

FUNDING OUR PROGRESS

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

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

PROPERTY IS OUR COMMODITY

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

INVESTING LOCALLY

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

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

Andrew König
Chief executive officer

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

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

Growing our portfolio

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

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

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

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

Developing for long-term value

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

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

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

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

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

Reducing our impact

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

CHIEF EXECUTIVE'S REVIEW CONTINUED

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

DIVERSIFYING OUR PORTFOLIO

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

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

PEOPLE ARE OUR BUSINESS

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

BUILDING OUR BRAND

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

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

CREATING THE RIGHT ETHOS

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

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

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

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

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

INVESTING IN OUR COMMUNITIES

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

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

OUTLOOK

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

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

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

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

APPRECIATION

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

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

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

Yours sincerely,

Andrew König
Chief executive officer

FINANCIAL DIRECTOR'S REPORT

HIGHLIGHTS

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

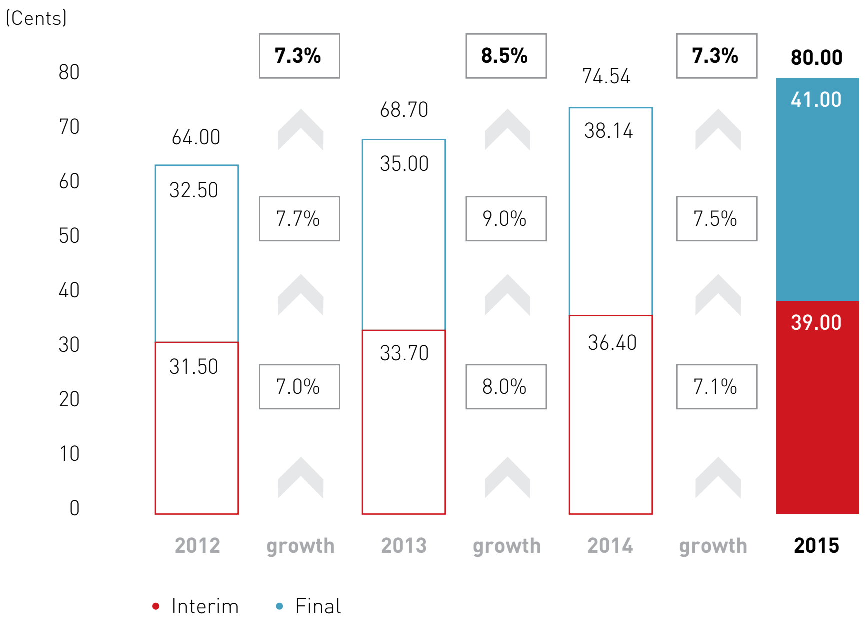
Our financial performance and the resultant creation of shareholder value are measured through the increase in distribution per share and the generation of growth in tangible net asset value per share which amounts on a total return basis to 19.6% (2014: 20.7%).

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

DISTRIBUTION

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

DISTRIBUTION PER SHARE GROWTH



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

Leon Kok
Financial director

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

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

Net property income

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

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

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

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

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

Administration costs

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

SIMPLIFIED DISTRIBUTABLE INCOME STATEMENT

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

Listed security income

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

Net interest

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

International distributable income

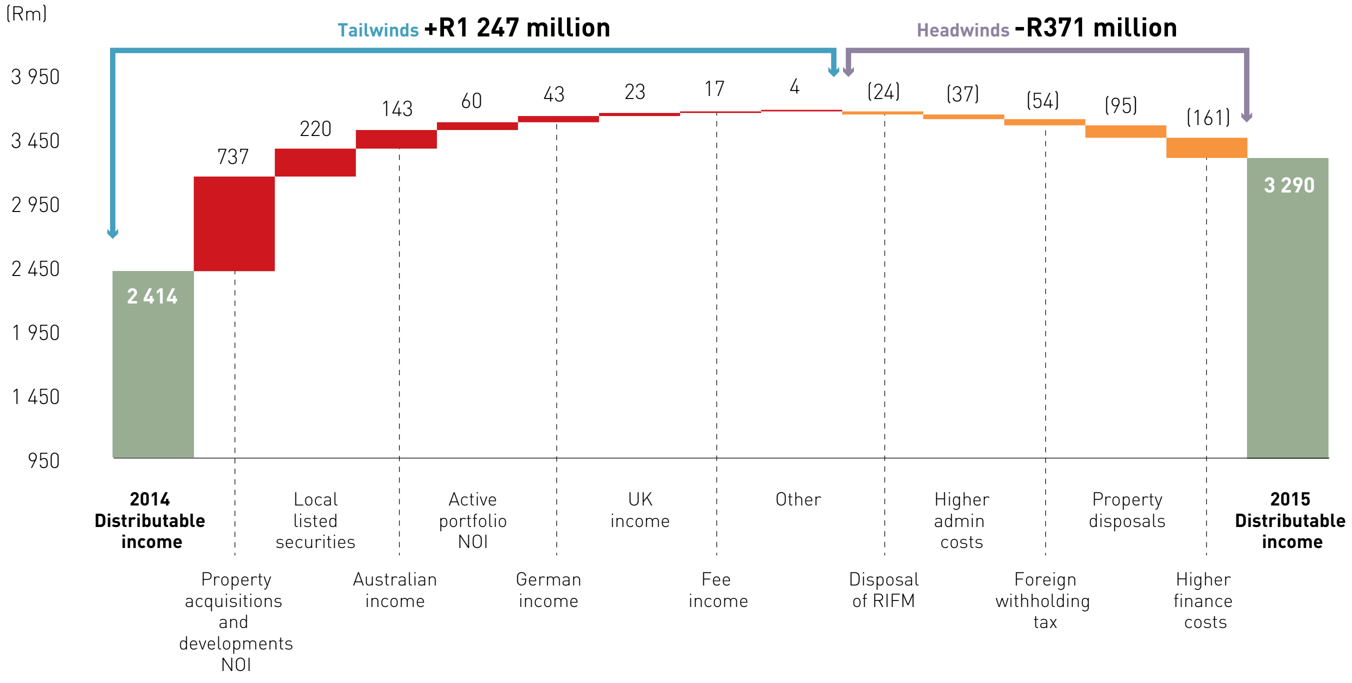
The increase in international distributable income on the prior year of 36.6% is principally due to the inclusion of the income from the German portfolio and interest received on the Bondi loan in the current year.

ACTIVE PROPERTY PORTFOLIO RATIOS

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

FINANCIAL DIRECTOR'S REPORT CONTINUED

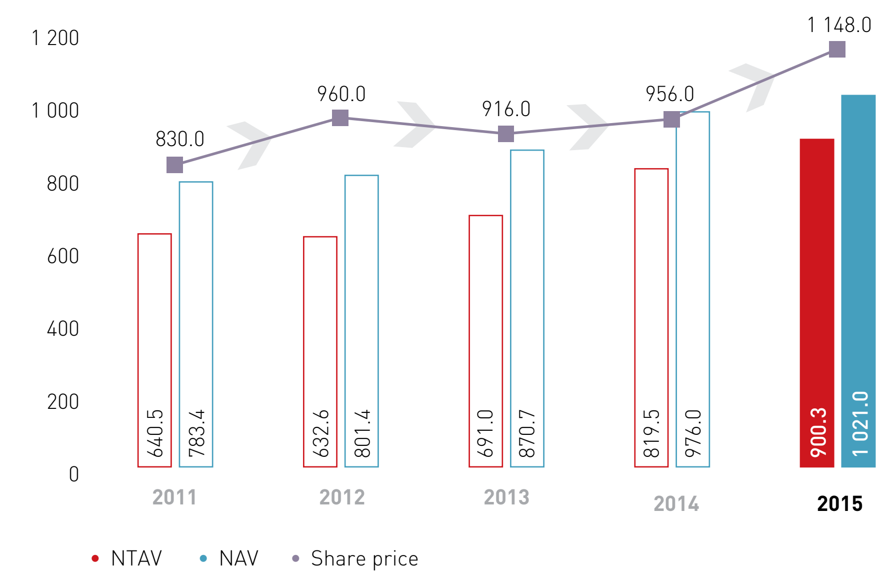
CONTRIBUTION TO GROWTH IN DISTRIBUTION
(Rm)



GROWTH IN NET ASSET VALUE

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

FIVE YEAR GROWTH IN NAV AND NTAV
(CPS)



1 148.0
SHARE PRICE 2015

900.3
NTAV 2015

1 021.0
NAV 2015


Thibault Square, City Centre, Cape Town

SOURCES AND USES OF CAPITAL

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

Funding of R19.8 billion raised
(financial capital created)

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

Application of R19.8 billion funding
(manufactured capital created)

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

VALUE CREATED

Redefine is in the business of generating cash.

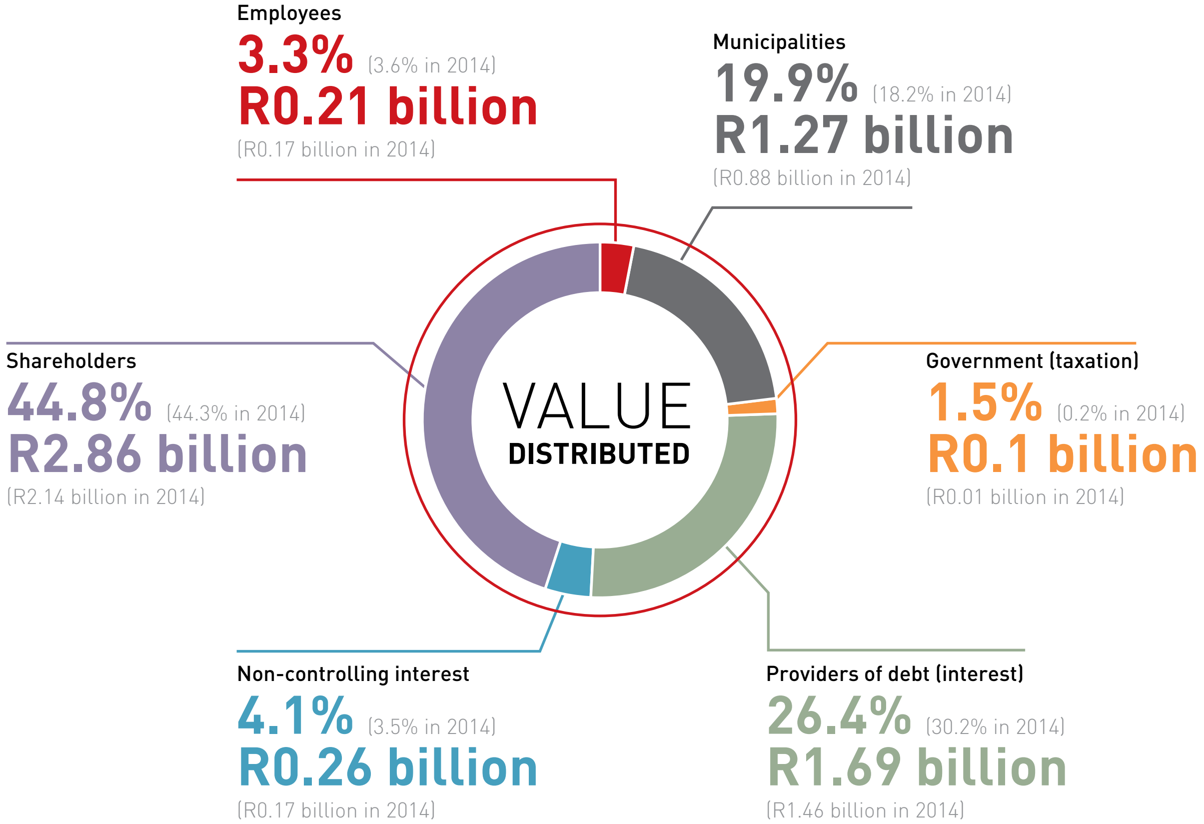
During the 2015 financial year

R6.39 billion was created from:

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

CASH VALUE DISTRIBUTED

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



SENSITIVITY ANALYSIS

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

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

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

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

APPRECIATION

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

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

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

Leon Kok
Financial director

Essex Gardens, Westville, Durban

82 on Maude, Sandton, Johannesburg

reward

Section 3: Value creation

In order to remain a relevant and sustainable organisation, we take a holistic approach to our business. We focus on financial, manufactured, human, social and relationship, intellectual and natural capitals, which we use and apply in carrying out our day-to-day business activities. This section focuses on our performance in relation to these capitals.

We're not landlords. We're people.

WHAT FINANCIAL CAPITAL MEANS TO REDEFINE

This is the pool of funds that is available to us for deployment and includes debt and equity funding as well as the capital profits retained from recycling of assets. As a REIT, we are tasked with investing the capital received from our equity and debt funders wisely in order to return financial capital to them in the form of distributions and interest payments.

HIGHLIGHTS

- Raised R14.1 billion in equity
- Shares in issue increased by 39.4%
- 81% of local debt hedged against rising interest rates
- LTV improved to 36.8%, despite significant number of transactions during the year
- Weighted average debt maturity extended to 3.3 years

RISKS AND OPPORTUNITIES

- Further downgrading of the South African sovereign credit rating will affect our ability to raise capital and funding, and increase the cost thereof
- Rising interest rates place pressure on maintaining our distributable income, negatively affects our property valuations and ability to raise further funding

CREATING VALUE

How we manage and utilise our financial capital is fundamental to our ability to create sustained value for our stakeholders, particularly the providers of financial capital. Our ability to access cost-effective funding, either through equity or debt is a key determinant of our commercial success. Our debt metrics have been further strengthened and the group's ability to manage its total cost of capital makes a significant contribution to its distributable income.

RELEVANT

MATERIAL MATTERS

Investing strategically **Enhancing capital efficiency**

In order to provide sustained and growing distributable income for our shareholders, we ensure that we have optimal financial capital available to invest in the right property opportunities as they arise. We also ensure that our investments are optimally funded so as to increase our yield spreads and ensure sustained growth.

Langeberg Mall, Voorbaai, Mossel Bay

OUR FUNDING POLICY IS CENTERED ON:

- Maintaining liquidity to meet future cash requirements and debt maturities
- Extending our maturity profile for as long as possible
- Maintaining adequate protection against exposure to rising interest rates
- Diversifying our funding sources
- Maintaining strong credit metrics

FUNDING PROFILE

During 2015 most of the capital invested was equity funded as evidenced in the improvement in credit metrics despite the high level of deal activity.

	2015 R million	2014 R million
Stated capital	33 738	22 558
Interest bearing borrowings	23 582	19 757
Funding structure	**57 320**	42 315
FUNDING RAISED DURING THE YEAR		
Issue of shares*		
For cash	3 042	2 784
Dividend reinvestment plan	1 616	402
For assets	6 522	1 308
	11 180	4 494
Interest bearing borrowings raised		
Bank funding		
– secured	2 501	1 026
– unsecured	1 111	1 297
Debt capital market funding		
– bonds	200	–
– commercial paper	13	371
	3 825	2 694
Total funding raised	**15 005**	7 188

* R3 054 million issued to the Redefine Empowerment Trust has been excluded as the shares are treated as treasury shares on a group basis.

R33.7 billion
STATED CAPITAL

R1.6 billion
RAISED THROUGH DIVIDEND REINVESTMENT PLAN

R15.0 billion
TOTAL FUNDING RAISED

	2015 R million	2014 R million
DEBT SNAPSHOT		
Bank	**20 569**	16 957
Debt capital markets	**3 013**	2 800
Total debt	**23 582**	19 757
KEY DEBT METRICS		
LTV – including held for sale assets	**36.8%**	38.0%
Debt capital market funding	**12.8%**	14.2%
Average term of debt	**3.3 years**	3.2 years
% of debt secured	**71%**	73%
% of property assets secured	**60%**	68%
Equity headroom on total assets (R billion)	**39.8**	28.8
Weighted average cost of borrowings (South Africa)	**8.4%**	8.2%
% of debt fixed	**81%**	78%
Average term of fixes	**2.8 years**	3.6 years
Undrawn debt facilities – available on demand (R billion)	**2.9**	2.0
Interest cover ratio	**3.0**	3.0

R23.6 billion
TOTAL BORROWINGS

29%
OF DEBT UNSECURED

40%
OF PROPERTY ASSETS UNSECURED

MAINTAINING LIQUIDITY TO MEET FUTURE CASH REQUIREMENTS AND DEBT MATURITIES

Liquidity risk is managed through proactive renegotiation of short-term debt maturities, optimisation of maturity profiles and ensuring there is a funding plan in place for each asset acquisition or disposal. Redefine maintains a healthy level of undrawn, committed revolving bank facilities to meet immediate funding needs and cover short-term debt maturities. Revolving bank facilities reduce the need to hold unproductive cash resources and are cost effective as the cash earns interest at the borrowing rate versus the cash deposit rate. Redefine's liquidity requirements are managed by monitoring forecast and actual cash flows and renegotiating and extending debt facilities coming up for renewal to endeavour that no more than 25% of the group's financial liabilities mature in any given year.

UNDRAWN COMMITTED FACILITIES
R2.9 billion
2015
R2.0 billion
2014

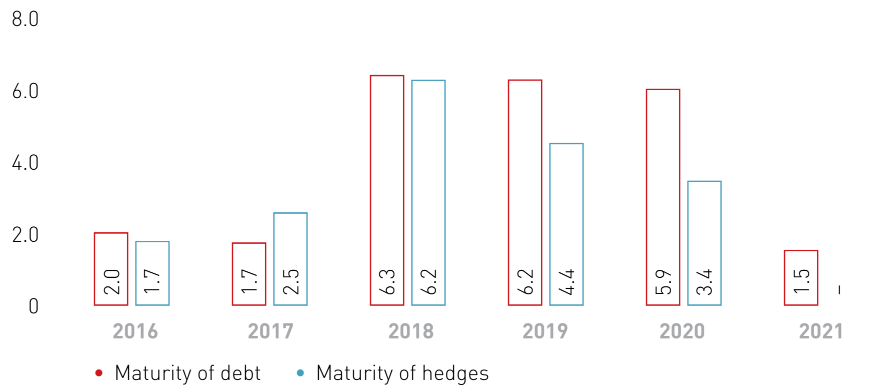
EXTENDING OUR MATURITY PROFILE FOR AS LONG AND AS EVENLY AS POSSIBLE

Redefine manages its maturity profile by aiming to spread the repayment dates to ensure that no more than 25% of the group's interest-bearing borrowings mature in any given calendar year. Redefine proactively reviews its facilities and extends, restructures (for better terms) and renews upcoming maturities. Redefine actively monitors the financial markets, which assists in the fast and efficient execution of a funding plan for any new acquisition opportunities that may arise.

Maturities between each of the sources of finance are spread in order to mitigate the risk of refinancing. As a result at 31 August 2015, Redefine had R2.0 billion in the short-term portion of interest-bearing borrowings. This is a significant improvement when compared to the prior year of R5.4 billion. Redefine has managed to either extend the terms or restructure its debt on favourable terms during the year.

AVERAGE TERM OF DEBT
3.3 years
2015
3.2 years
2014

MATURITY PROFILE OF DEBT AND HEDGES
(R billion)



MAINTAINING ADEQUATE PROTECTION AGAINST EXPOSURE TO VOLATILE INTEREST RATE MOVEMENTS

Volatile interest rate movements result in increased borrowing costs, reducing distributable income. International and local economic conditions impact the cost of Redefine's debt through movements in bond yields and central bank monetary policy. To manage this risk, Redefine fixes the cost of variable interest rate borrowings through entering into derivative instruments (interest rate swaps and caps). The board has set a hedging target of 75% of interest-bearing borrowings to be fixed for as long as possible.

INTEREST-BEARING LIABILITIES

81% hedged for 2.8 years
2015

78% hedged for 3.6 years
2014

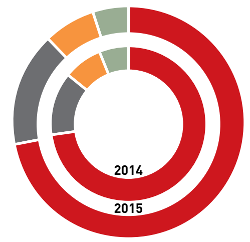
115 West Street, Sandton, Johannesburg

DIVERSIFYING OUR FUNDING SOURCES

Concentration risk may arise from a credit crisis, the introduction of Basel III requirements or prudential limits, which are imposed by debt providers. Redefine limits the concentration risk by diversifying the sources of funding among financial institutions (the banks) and the debt capital market. The size and the quality of our unsecured assets as well as the equity headroom on unencumbered assets allows us to arrange unsecured debt. Management's target is to source approximately 20% of its total debt funding from the debt capital market in order to avoid concentration risk among the major financial institutions.

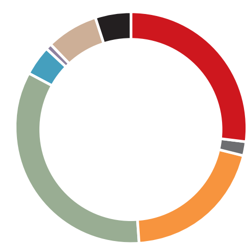
UNSECURED DEBT
29%
2015
27%
2014

SECURED VERSUS UNSECURED SOURCES OF DEBT (%)



	2015	2014
Secured bank debt	**72**	73
Unsecured bank debt	**16**	13
Unsecured bonds	**7**	8
Unsecured commercial paper	**5**	6

2015 SOURCES OF DEBT (%)



Standard Bank	**27**
ABSA	**2**
Nedbank	**20**
RMB	**34**
Macquarie	**4**
Investec	**1**
Bonds	**7**
Commercial paper	**5**

MAINTAINING STRONG CREDIT METRICS

Management strives to achieve a LTV target of 35% believing this is the optimal level of gearing over the long term. Moody's credit rating was refreshed during August 2015 and remains unchanged as follows:

- Global long-term Baa3
- Global short-term P-3
- National long-term A3.za
- National short-term P-2.za

Redefine has encumbered R37.4 billion of its property assets against secured borrowings of R16.8 billion. For unsecured lenders (currently R6.8 billion), R45.2 billion of property assets are available (the remaining unsecured property assets of R24.6 billion plus the secured assets' funding headroom of R20.6 billion) to support their exposure. Redefine is looking to increase its level of unsecured borrowings through leveraging this situation, which has the added benefit of providing the unsecured lender with a diversified asset pool.

	2015	2014
LTV	36.8%	38.0%
INTEREST COVER	3.0x	3.0x
% DEBT SECURED	71%	73%

Priorities for 2016 and beyond

- Diversify funding sources to manage credit risk
- Reduce level of secured debt and assets to ensure funding flexibility
- Maintain credit rating to sustain investment profile
- Proactive capital management to provide a platform that sustains value creation
- Improve liquidity to ensure long term sustainability

"WE WILL CONTINUE TO PURSUE OUR STRATEGY OF PRUDENTLY MANAGING OUR FINANCIAL CAPITAL."

PROSPECTS

We will continue to pursue our strategy of prudently managing our financial capital to provide an appropriate balance between debt and equity and the certainty of these costs.

This approach enables us to execute our strategy and sustain value creation, reinforces our credit reputation with our lenders and maintain a strong capital base to secure Redefine's ability to provide sustainable returns to stakeholders despite financial market volatility.

Dawn, Germiston, Greater Johannesburg

WHAT MANUFACTURED CAPITAL MEANS TO REDEFINE

Manufactured capital consists of the material goods and infrastructure used in the provision of services, specifically managing, acquiring and developing our properties to provide accommodation for our tenants. Our major manufactured capital is therefore our property portfolio.

HIGHLIGHTS

- Merger of Fountainhead portfolio
- 14 high-quality office assets valued at R4.1 billion, situated in key nodes of the Western Cape and Gauteng acquired from Leaf
- Acquisition of R2.7 billion Macsteel industrial portfolio
- Property assets under management increased by R13.4 billion to R64.5 billion
- Developments in progress of R3.8 billion, with a further R1.4 billion completed
- First direct property entry into Europe – R704 million German investment
- Further investment of R1.6 billion in Cromwell

RISKS AND OPPORTUNITIES

The impact of load-shedding and potential water supply challenges, as well as the continued rise in administered prices, remain among our key risks. These challenges, however, offer us the opportunity to differentiate our properties through the use of back-up generators and green technology.

Sluggish GDP growth in the domestic economy, together with increased competition and an oversupply of stock in the property sector, puts pressure on tenant retention and the related rentals. For Redefine, there is opportunity for disciplined and astute execution of our strategy, heightened risk management, tenant retention and a strong focus on managing the variables under our control in order to achieve continued growth.

CREATING VALUE

Through the disciplined application of our business model, the active management of our property portfolio, including pursuing appropriate acquisitions, developments and disposals, we increase our manufactured capital, enabling us to continue to grow our portfolio and provide income and capital growth for all our stakeholders.

RELEVANT

MATERIAL MATTERS

Investing strategically

We use our years of experience to make decisions regarding our property portfolio that benefit our organisation, while creating value for our investors, tenants and other stakeholders.

Enhancing operational efficiency

We look for ways to operate smarter, that is, to maintain our margins while preserving our superior product offering in order to protect our market share.

David Rice
Chief operating officer

Mike Ruttell
Executive director, development

REFLECTING ON 2015

In our 2014 report, we reported on priorities for our 2015 financial year.

THIS IS HOW WE DID:

Proactive asset management to remain cost-effective and retain tenants

We continued to grow and diversify our existing asset base while focusing on cost-effective strategies that facilitated tenant retention.

Continue to reshape the portfolio

During the 2015 financial year, Redefine made transformative investments totalling R11.2 billion improving the quality and strengthening our market presence and diversification across all sectors.

Enhance the existing portfolio through redevelopments

Significant local developments to expand, protect and improve properties are underway with R1.4 billion invested during the year, with a further R3.8 billion in progress.

Dispose of non-core properties

35 properties which no longer met Redefine's investment criteria were sold during the year for R2.2 billion.

Agile approach to acquisitions

We continue to swiftly assess potential deals without first having to filter through layers of bureaucracy. This agility is a key Redefine competitive advantage as can be seen by the significant acquisitions made during the year.

Active asset and property management

We entrenched the process of aligning our staffing structures and business procedures to our strategy, thereby enhancing our asset and property management capacity.

Strategic acquisitions, when they become available

Numerous profitable acquisitions were made during the year, both locally and internationally.

Maintain tenant retention, even if growth is stagnant

We achieved a tenant retention rate of 87% across the portfolio, up by 1% from 2014.

Continue to invest in people, process, analytics, technology and tactical marketing

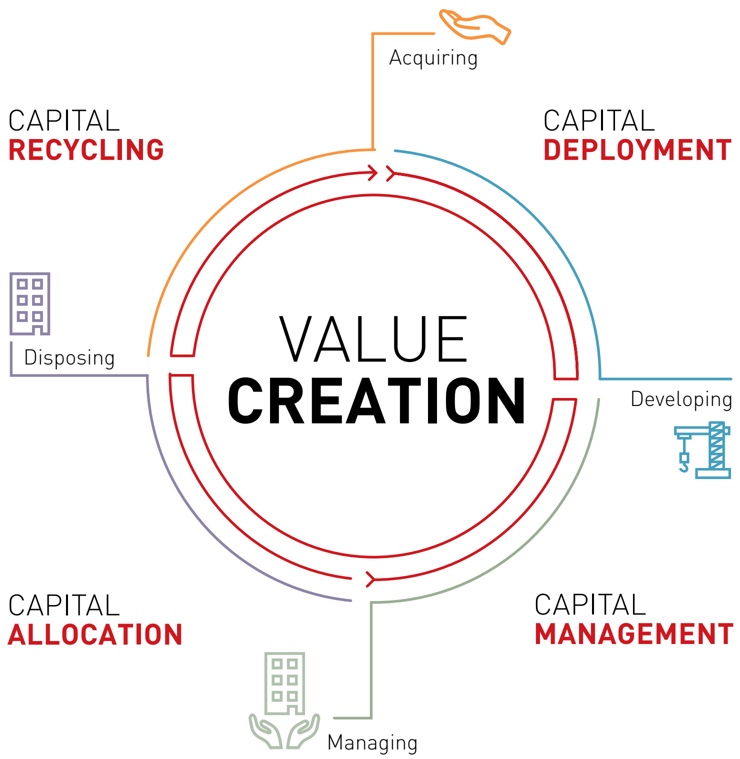
This remained a priority during 2015. For more information on our achievements and challenges, please see the human capital, intellectual capital and social and relationship capital sections.

Refer to our full manufactured capital review. MC

Priorities for 2016 and beyond

- Diversify exposure to new asset classes outside of the traditional property sectors
- Strong focus on enhancing value of core assets
- Refine long-term master plans for development of key assets
- Deal with the electricity supply crisis
- Alternative uses to be considered before disposal of non-core assets
- Expand into markets offering growth and secure income streams
- Let vacant space
- Manage tenants credit and concentration risk
- Continue to maintain margins and maximise cash flow
- Maintain strong focus on tenant retention and relationships

Our focus is on delivering sustained value to our stakeholders. This is achieved through the execution of our primary business activities of acquiring, developing, managing and disposing properties.



DISPOSING

Our properties are continuously evaluated for their long-term capital appreciation prospects as well as sustained income-earning potential. We will only sell a property if all other investment options have been exhausted such as redevelopment or conversion to alternative use, to reinvest the capital into opportunities that have better long-term capital upside to offer. During the year, we disposed of 35 properties with a GLA of 339 000m^2, which no longer met Redefine's investment criteria, for R2.2 billion at an average yield of 9.3%. In addition, agreements, subject to conditions precedent, were concluded for the disposal of properties for an aggregate consideration of R1.2 billion with a GLA of 164 707m^2 at an average yield of 8.3%.

This year, we are presenting our integrated report as a more concise communication to stakeholders, and have summarised manufactured capital information. For a more detailed review of Redefine's manufactured capital, please see our full manufactured capital review. MC

MANAGING

Redefine's growth in recent years has been considerable. As a consequence, it became apparent that organisational changes were necessary and that roles within the organisation needed to be redefined to support continued growth. During the year, we focused on assessing and improving operational structures across the organisation. The roles of asset management and property management were clearly delineated, along with support functions such as human resources and finance. We believe that we are now better placed to sustain our growth trajectory into the future. The asset managers for the office, retail and industrial portfolios lead our strategic direction. The heads of the property management teams of the inland and coastal regions, are responsible for day-to-day property management and directly support the asset managers.

A dedicated manager is responsible for each Redefine property and is supported by the administration department. Due to our internalised asset and property management, we are able to produce accurate information used for decision making, directly monitor service levels and proactively plan to meet current and prospective tenant requirements.

In a tough economic environment it is crucial to retain tenants as the cost of placing a new tenant is estimated to be between 10% to 15% of a five-year lease. Key to this is maintaining good relationships with our tenants and keeping abreast of their needs. Wherever appropriate we try to negotiate early lease renewals. Over the past three years, we have targeted on increasing the tenant retention rate and have achieved good results. The tenant retention rate by GLA is 87%, compared to 86% a year ago. During the year, leases covering 510 649m^2 were renewed at an average rental decrease of 3.0%. A further 338 294m^2 was let across the portfolio. However, the overall vacancy rate decreased marginally by 0.1% to 5.4%.

ACQUIRING

We were able to successfully conclude a number of key transactions by taking advantage of our financial flexibility. The ability to unlock high-quality opportunities in a very competitive market is also a differentiating factor and is testament to the agility of Redefine's management and its deal-making abilities, and to the strength of its relationships in the financial and property sectors.

Acquisitions during the year include:

- The takeover of Fountainhead portfolio, which comprises 41 properties, of which 70% by value are prime retail assets, shifting the sector focus to retail
- Leaf portfolio of properties, substantially enhancing our office portfolio in the Western Cape
- Transfer of 28 properties in the Macsteel portfolio, significantly bolstering the local industrial portfolio
- A further investment of R1.6 billion in Cromwell
- 45% undivided share in vacant industrial land in Germiston for R312 million, with a gross building area of 1.3 million m^2 (Redefine's share 578 656m^2)
- A direct 50% holding in a German property portfolio by way of an equity contribution of R704 million
- Maintaining our 30% holding in RI PLC, by participating in capital raises and dividend re-investment schemes totalling over R500 million in value

In addition, a further six properties, with a combined GLA of 79 191m^2, were acquired and transferred during the year for an aggregate consideration of R893 billion at an initial yield of 7.9%. Subject to the usual conditions precedent, agreements have been concluded for the acquisition of properties for an aggregate consideration of R415 million at an initial yield of 9.9% and GLA of 12 135m^2.

DEVELOPING

Developments, in the form of both refurbishments as well as greenfield developments, offer the opportunity to refine and improve the quality of our assets, to unlock new income streams, to strengthen client relationships and extend the lifespan of our core properties. Among these projects are many significant and innovative concepts, which strongly position Redefine for the future in a competitive market.

The extent of development we undertake varies – depending on our assessment of the prospective returns. Development returns are generally considered higher risk than those available from existing income-producing properties and, as a result, we target returns that are commensurately higher. As part of our overall risk management process, we have limited the maximum total speculative development exposure to not more than 5% of our portfolio.

During the year, we completed new developments worth R1.2 billion, with the largest being the Matlosana Mall in Klerksdorp. A further R2.2 billion of new developments are underway. Redevelopment projects presently in progress have an approved value of R1.6 billion. During the year, we completed redevelopment projects of R131 million.

NEW DEVELOPMENTS COMPLETED:

R RETAIL	
Matlosana Mall	R1 billion
I INDUSTRIAL	
Waltloo	R180 million
O OFFICE	
Eagle Park	R30 million

NEW DEVELOPMENTS IN PROGRESS:

I INDUSTRIAL	
Cornubia Mini Units	R188 million
Fabric park	R102 million
O OFFICE	
Rosebank Towers	R294 million
90 Rivonia	R980 million

REDEVELOPMENTS COMPLETED:

R RETAIL	
Mall @ Scottsville	R42 million
O OFFICE	
Essex Gardens (Phase 6)	R22 million
Commerce Square	R22 million
AMR	R45 million

REDEVELOPMENTS IN PROGRESS:

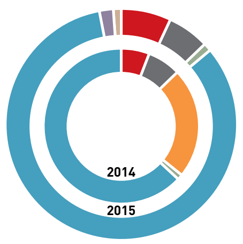
R RETAIL	
Centurion Mall	R318 million
East Rand Mall	R277 million
Southcoast Mall	R131 million
Kenilworth Shopping Centre	R196 million
Mall @ Scottsville	R3.6 million
O OFFICE	
The Towers – Foreshore	R533 million
Essex Gardens (Phase 7)	R17 million

OUR PORTFOLIO

Redefine owns a property income earning asset base of R64.5 billion which has the scale to grow organically and by redevelopment and acquisition. The portfolio is diversified by sector and geography to absorb risk. The sizeable asset base provides a platform for undertaking large-scale property portfolio acquisitions.

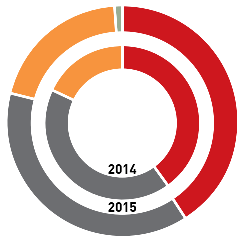
The directly held portfolio comprises 333 properties, valued at R51.2 billion, with a gross lettable area of approximately 4.8 million m² across the retail, office and industrial sectors. Additionally, Redefine's international property investments total R10.6 billion and provide the group with geographic diversification. Redefine has exposure to the European property market through a 30.1% equity interest, equating to R4.9 billion in RI PLC, which is listed on both the LSE and JSE, in addition to a co-investment into a recently acquired German retail portfolio. Redefine also has a R5.6 billion presence in the Australian property market through a direct 50% interest in North Sydney's landmark tower, Northpoint, and a holding of 25.6% in Cromwell, which is listed on the ASX.

GROUP PROPERTY ASSETS BY VALUE (%)



	2015	2014
Cromwell	7	6
RI PLC	6	7
Fountainhead	–	23
Northpoint	1	1
Local property assets	83	63
Emira	2	–
Germany	1	–

LOCAL PORTFOLIO VALUE BY SECTOR (%)



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

	O Office	R Retail	I Industrial	Specialised	Total
Number of properties	139	86	106	2	333
Total GLA (m²) (million)	1.45	1.32	1.96	0.03	4.76
Vacancy (%)	13.4	5.3	5.1	–	7.9
Asset value (R million)	19 458	20 816	10 495	420	51 189
Average property value (R million)	141.0	242.1	100.0	197.5	170.1
Valuation per m² (excluding undeveloped bulk)	13 397	15 728	5 367	15 577	520 069
Value as % of portfolio	38.0	40.7	20.5	0.8	100.0
Average gross rent per m²	140.16	115.24	42.31	139.25	109.24
Average portfolio rental escalation (%)	9.24	8.76	8.73	–	8.91
Average retention rate (% by GLA)	91.3	79.7	89.1	–	86.7
Weighted average renewal rental growth (%)	(8.0)	4.0	(5.0)	–	(3.0)
Weighted average portfolio escalation (% by GLA)	7.4	7.3	7.8	–	7.5
Weighted average lease period by GMR (years)	4.87	6.3	7.66	–	6.03

PORTFOLIO STRUCTURE

Our objective is to generate the best possible risk adjusted returns from our portfolio and to maintain a strong bias towards predictable income streams. To achieve this, we aim to maintain a portfolio that offers growth potential but also provides a balance between defensive investments and assets that can be improved with active asset and value-added development management.

ALLOCATION OF CAPITAL (%)

Core	68
International	17
High return	6
Secondary	5
Government-tenanted office portfolio	4

ALLOCATION OF CAPITAL

On a continuous basis each property is critically evaluated and assessed in terms of Redefine's investment criteria. Assets are grouped into the following categories:

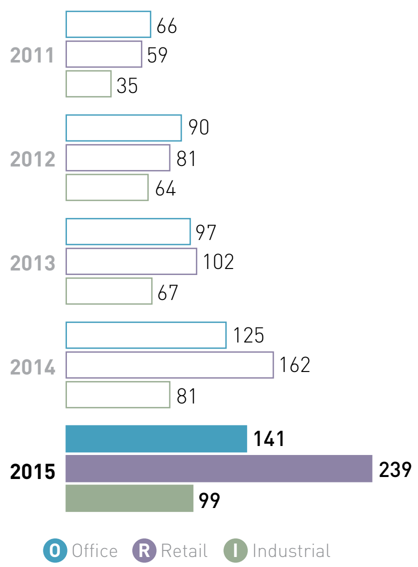
- **Core** represents local property assets that meet Redefine's investment criteria with strong lease covenants to be held long term
- **International** is listed and direct offshore real estate investments that provide reliable income streams with a Rand hedge in line with Redefine's international investment strategy
- **Secondary** are local properties that are high yielding (in line with their risk profile) which are nearing the end of their investment life cycle and are candidates for recycling by way of disposal or redevelopment
- **High return** investments represent Redefine's diversification into higher yielding assets outside the traditional sectors i.e. student accommodation, loan funding to joint venture partners and residential conversion of secondary properties. With effect from 1 September 2015 Redefine acquired a 51% interest in Respublica. This provides Redefine with a platform to diversify into student residential accommodation as a new asset category. The redevelopment of Hatfield Square in conjunction with Respublica into student accommodation is Redefine's first property to be converted for alternative use. Alternative energy (solar) on existing buildings has the potential to become another asset class.

Our local property portfolio

"Redefine persists in evolving and refining our local portfolio composition in line with the strategic objectives of the business. This continued restructure could not have been better timed to cope with the challenging operating context we find ourselves in. It is encouraging to note that Redefine is seeing increasing demand for space in its well-located properties despite fierce competition in the market."

Our strategy of disposing of smaller, non-core properties and the ongoing investment in and development of premium properties is reflected in the increase of average value per property.

AVERAGE PROPERTY VALUE
(R million)



International diversification

"Our international investments are centred on geographic diversification and exploiting attractive yield-spreads."

During the year, our international investments included:

- Making a further investment of R1.6 billion in Cromwell taking our investment to 25.6%
- Taking a direct 50% holding in a German property portfolio with an equity contribution of R704 million
- Maintaining our 30.1% holding in RI PLC by participating in various equity activities totalling over R500 million

We anticipate that our international exposure will over time increase to approximately 25% of our property asset base.

RETAIL PORTFOLIO REVIEW

RETAIL PORTFOLIO REVIEW

The transformation of our retail portfolio continued during this year. Regional and super regional centres now represent nearly 40% of our retail GLA and nearly 50% of our retail GMR. We continue to focus on opportunities around nodally dominant assets, with additional emphasis on differentiation and relevance across our portfolio.

HIGHLIGHTS

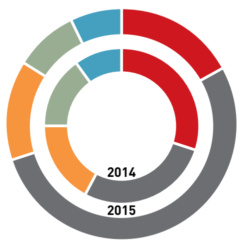
- Secured the takeover of Fountainhead portfolio, which comprises 41 properties, of which 70% by value are prime retail assets
- Acquired Stoneridge Mall
- Opened Matlosana Mall in October 2014
- Received the SACSC award for Best Shopping Centre development over 20 000m² for the Matlosana Mall
- Significant improvements underway at major centres such as Centurion Mall, Southcoast Mall, East Rand Mall and Kenilworth Centre
- Installed solar rooftop technology at The Boulders, with a further four retail centres earmarked for installation
- Commenced with installation of full generator capacity at 13 key retail centres

CHALLENGES

- Constrained consumer environment
- Load shedding and its impact on consumer behaviour
- Number of mall robberies across the country
- Limited pool of property skills in retail sector
- Increased competition with the risk of overtrading in certain metropolitan nodes
- Increased difficulty in tenant negotiations particularly with national tenants

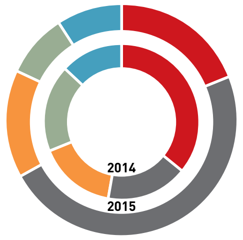
The Boulders Shopping Centre, Midrand, Greater Johannesburg

RETAIL PORTFOLIO SPLIT BY TYPE (%)



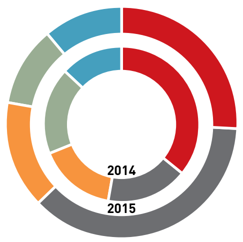
	2015	2014
Community centre	17	30
Regional centre	53	28
Small regional	14	17
Other	9	15
Neighbourhood centre	7	10

RETAIL GMR BY TYPE (%)



	2015	2014
Community centre	19	36
Regional centre	48	17
Small regional	15	16
Other	9	18
Neighbourhood centre	9	13

RETAIL GLA BY TYPE (%)



	2015	2014
Community centre	26	36
Regional centre	37	17
Small regional	15	16
Other	11	18
Neighbourhood centre	11	13

Retail sector overview

According to the 2015 South African Shopping Centre Directory, South Africa is now home to some 23 million square metres of retail space. Over the last 20 years, there has been a 7.5% annual increase in the total floor area of shopping centres larger than 30 000m². South Africa's approximately 2 000 shopping centres place us sixth in the world in terms of the number of centres and seventh in the world in the terms of floor space.

The sheer volume of malls, as well as the number of major shopping centres that have recently come, or are coming on stream, serves to demonstrate the significant role that shopping malls and retailers play in South African society, as well as the high level of competition within the sector.

The macro-economic environment continues to be tough with consumer spending remaining under pressure due to living cost increases, lackluster wage growth and inadequate job creation, as well as escalating debt. While inflation remained within the target bands in 2015, the sudden and dramatic depreciation of the Rand has put this at risk. The pass-through will not be immediate, but many retailers are already highlighting the pressure of the weak Rand on imports and the anomaly that duties cannot be hedged. This once again brings into question the projected length and magnitude of the rate cycle.

Without meaningful improvement in the much-discussed economic headwinds and changes in the growth projections for South Africa, the retail sector increasingly becomes a battle for market share. The key focus in the industry at present, therefore, is on active management in a highly competitive, yet low growth environment. It is becoming increasingly evident that retail is now a stage for change, innovation and disruption, and for Redefine remaining relevant is our key to success.

Retail portfolio performance

During the year, Redefine's retail portfolio value increased by R8.8 billion, a 73.3% gain on the previous year. Turnover in non-co-owned centres grew approximately 10%, and 6.7% on a comparable basis. These numbers are largely in line with peers and the greater retail market. Development disruption at some of our larger centres has been a drag on turnover growth, however we are confident that the trend will reverse once building works are complete. There has been some upward creep in rent to turnover ratios, but they are still generally in a healthy range, averaging 6.5% to 7%. The vacancy rate has increased by 0.4% across the portfolio, which we do not believe is concerning given the current macro-environment. The retention rate was 80% this year, with an average growth in renewal rentals of 4.0%, a satisfactory result in a tough market.

Retail key performance statistics

Description	2015	2014	Increase/ (decrease) %
Number of properties	86	89	(3.4)
Total GLA (m²) (million)	1.3	1.2	10.3
Vacancy (%)	4.3	3.9	10.3
Asset value (R million)	20 816	12 014	73.3
Average property value (R million)	242.1	161.7	49.7
Valuation per m² (excluding undeveloped bulk)	15 728	12 112	29.9
Sector value as % of total portfolio	40.7	39.7	2.4
Average gross rent per m²	115.2	93.5	23.3
Average portfolio rental escalation (%)	8.8	8.2	7.3
Tenant retention rate (% by GLA)	79.7	89.4	(10.9)
Weighted average renewal rental growth (%)	4.0	5.0	(20.0)
Weighted average portfolio escalation (% by GLA)	7.3	7.4	(0.8)
Weighted average lease period by GMR (years)	6.3	6.2	1.0
Weighted average lease expiry (years)	3.0	3.2	(5.3)
% of net property income of total portfolio	36.0	45.8	(21.4)
Average annualised property yield (%)	7.8	10.4	(25.0)

Footfall trends remain largely static, with average monthly footfalls increasing approximately 1% across the portfolio during the year. While densities are being driven by improved spend per head figures, less frequent visits are a concern for categories that require impulse purchases and repeat visitors.

Performance divergences remained a key trend during the year. Brands that target the upper-income consumer or cash-based retailers focused on best product, best price and best offering continued to outperform, while brands that are largely credit dependant or operate in the over-competitive mass middle market are experiencing slowing sales performance.

We have benchmarked the performance of our centres. The chart shows that our centres largely bunch around the norm. Densities and rent to turnover ratios are in line with industry averages/medians, the centres are not nodally dominant and there is limited differentiation. The graph below highlights the opportunity to improve our average densities within the portfolio by focusing on improving the tenant mix and driving a greater market share of spend, despite the tough macro-climate.

Our leasing strategies are increasingly informed by detailed analytics of performance information. Master leasing plans are being put in place at all of the assets with a specific focus on reducing the number of underperforming tenants while driving relevance and differentiation.

CENTRE PERFORMANCE COMPARISON

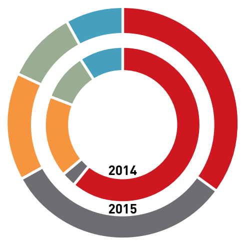
Rental affordability in retail is a function of turnover efficiency/trading densities. One of the retail division's key strategic objectives remains maximising densities at our centres and thereby driving increased rental levels.

We expect continued tension in retail lease negotiations, and strategically we will need to manage the balance between escalations and vacancies. Cannibalisation naturally leads to higher occupancy costs, which will continue to remain under pressure from increasing administered costs.

During 2015 the leasing team focused on:

- Early engagement with tenants
- Managing the mix of national and non-national tenants (differentiation)
- Negotiating store upgrades
- Approaching lease renewals with new thinking

TYPE OF RETAIL PROPERTY CONTRIBUTING TO THE 4.3% VACANCY (%)



	2015	2014
Community centre	**35**	61
Regional centre	**32**	3
Small regional	**15**	17
Other	**10**	10
Neighbourhood centre	**8**	9

"DESPITE THESE GROWING PRESSURES ON CONSUMERS, WE CONTINUE TO SEE NEW CENTRES OPENING AND OLDER CENTRES BEING REDEVELOPED AND EXTENDED."

"CUSTOMER EXPERIENCE HAS BECOME THE QUINTESSENTIAL DRIVING FORCE IN RETAIL SPACES."

Retail prospects

Shopping centres and the industry are evolving. Retail has become an increasingly global, experiential business. Customer experience has become the quintessential driving force in retail – respecting time, intelligence, individuality, choices and needs of each shopper. Ultimately, as participants in the shopping centre community, we remain cognisant that our purpose is to create enjoyable and meaningful experiences for shoppers, not only as buildings to shop inside.

Looking ahead we see opportunities in:

- Growing our market share despite a lacklustre macro-environment
- Exploiting the interest of new entrants looking for space in South Africa's premium centres
- Taking advantage of the spending power in those consumer markets and categories that are showing resilience
- Redeveloping and extending assets to introduce new tenants and differentiate the asset's positioning
- Growing the contribution of non-GLA income to the division
- Changing the focus of centre marketing to drive footfalls and dwell times
- Managing levels of cannibalisation by pre-empting effects of new developments
- Leveraging our tenant relationships to approach lease renewals differently
- Managing costs effectively
- Continually improving at security measures at our malls and strategically investing in improved technology such as licence plate recognition software
- Installing full generator capacity at 13 retail centres

Matlosana Mall wins Best Shopping Centre Development Award

Matlosana Mall, which opened in October 2014, is a 65 000m² development on the N12 highway on the eastern side of Klerksdorp. During the year, the mall was honoured with an award for Best Shopping Centre Development over 20 000m² at the SACSC Retail Design and Development Awards. The award seeks to acknowledge excellent shopping centre design together with its economic success within the South African property industry.

OFFICE PORTFOLIO REVIEW

OFFICE PORTFOLIO REVIEW

Redefine's office properties are situated in prime nodes, geographically spread across South Africa's major metropolitan areas and are substantially let to blue-chip tenants. Driven by demand and opportunity, we develop innovative, operationally efficient and cost-effective environmentally friendly buildings to realise further value.

HIGHLIGHTS

- Received the SAPOA Award for Innovative Excellence in Property Development for our 90 Grayston Drive development
- Acquired the Leaf portfolio of properties, substantially enhancing the office portfolio in the Western Cape and Bryanston
- Purchased 50% of the Alexander Forbes building in Sandton in line with our strategy of investing in properties with fully repairing long-term leases
- Concluded an agreement to dispose of approximately 60% of our government-tenanted offices post year end
- R533 million redevelopment of The Towers on the Western Cape foreshore completed
- Increased Redefine's exposure to A and premium buildings from 49% in 2014 to 64% in 2015

CHALLENGES

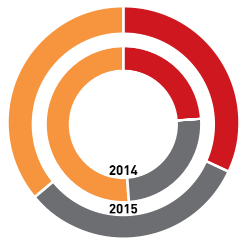
- **Oversupply of office space continues to place pressure on rentals and returns across the office portfolio**
- **Sustained efforts to dispose of the government-tenanted office portfolio bore some fruit but remains a challenge going forward**
- **A number of government-tenanted buildings face lease expiries in the coming financial year**

90 Grayston Drive, Sandton, Johannesburg

Office key performance statistics

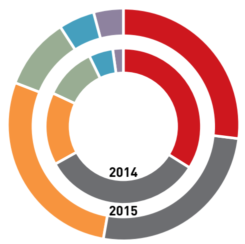
	2015	2014	Increase/ (decrease) %
Number of properties	**139**	112	24.1
Total GLA (m²) (million)	**1.5**	1.2	21.0
Vacancy (%)	**8.5**	7.2	18.1
Asset value (R million)	**19 458**	12 613	54.3
Average property value (R million)	**141.0**	125.3	12.5
Valuation per m² (excluding undeveloped bulk)	**13 397**	11 868.5	12.9
Sector value as % of total portfolio	**38.0**	41.7	(8.8)
Average gross rent per m²	**140.2**	110.2	27.2
Average portfolio rental escalation (%)	**9.2**	8.4	9.8
Tenant retention rate by GLA (%)	**91.3**	89.3	2.2
Weighted average renewal rental growth (%)	**(8.0)**	5.5	(245.5)
Weighted average portfolio escalation (% by GLA)	**7.4**	7.0	5.9
Weighted average lease period by GMR (years)	**4.9**	5.17	(5.8)
Weighted average lease expiry (years)	**2.3**	2.2	4.3
% of net property income of total portfolio	**42.9**	38.2	12.3
Average annualised property yield (%)	**9.9**	10.9	(9.2)

OFFICE VALUE SPLIT BY GRADE (%)



	2015	2014
Premium	**32**	24
A-grade	**32**	25
Secondary	**36**	51

OFFICE VALUE SPLIT BY LOCATION (%)



	2015	2014
Greater Johannesburg	**27**	34
Sandton	**26**	33
Western Cape	**28**	15
Pretoria	**10**	11
KwaZulu-Natal	**5**	5
Other	**4**	2

Office sector overview

The office market remains under significant pressure due to low GDP growth, numerous new property participants as well as multiple new developments coming online, resulting in fierce competition. This culminated in severe pressure on rental renewals and initial rentals on new lets.

Challenging market conditions call for astute asset management to capitalise in core nodes such as Sandton, Bryanston, Rosebank and the Cape Town CBD, where consolidation and downsizing has increased demand for premium and A-grade premises. The current market trends show an increase in churn, consolidation and downsizing allowing tenants to move to central business nodes with specific demand for premium and A-grade premises.

This trend has resulted in an oversupply of lower grade assets in secondary nodes, an increase in premium grade development in core nodes, culminating in an over-supplied market. This is putting pressure on top-end asking rentals and speculative developments. However, areas such as Rosebank and Bryanston, where demand remains high, are trading below 6% vacancy thus remain strong.

A strong focus on tenant retention, remains key. We continue to improve our product offering to remain competitive, focusing on attractive viable pricing and working proactively to incentivise prospective tenants to relocate through innovative deal structures and tenant installation offerings combined with competitive rentals.

Amenities, as a strong draw card, in a product offering are a key differentiator. General amenities include green spaces, patios, restaurants, concierge services, hair dressers and salons, ATMs, data and wi-fi services as well as transport services such as the Gautrain and MyCity. Internationally, amenities as a product offering may be as high as 10% of the asset's GLA, while locally; the average is around 3%.

The impact of an unstable power supply and uncertainties around security of future water supply, remain key risks. The potential for load-shedding continues to diminish business confidence and the delay in new power supplies coming online impacts the sustainability of existing businesses and curtails the growth of new business. These challenges offer us the opportunity to differentiate our properties through the use of backup power and green technology.

For more information refer to our website at www.redefine.co.za

Office portfolio performance

Taking into consideration the difficult operating environment, the Redefine office portfolio performed satisfactorily and is considered to be generally robust and defensive. The value of our office portfolio grew by 54.3% to R19.5 billion, which reflects both the acquisitions made during the year as well as an overall uplift in valuations.

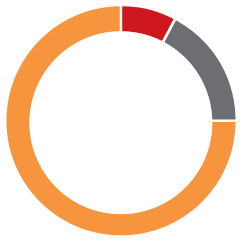
The office portfolio is 32% let to P-grade tenants with a balanced tenant mix of 29% to single- tenants and 71% to multi-tenants. Net property income is underpinned by a weighted average lease expiry profile of 2.3 years. At year-end, office vacancies were at 8.5%, which is higher than the prior year's 7.2% due to tough trading conditions.

The two largest core nodes in South Africa are the Cape Town central business district and surrounds at 1 500 000m², and the Sandton precinct at 1 520 860m², with a further 333 000m² under development.

Redefine's exposure in these areas is:

Sandton	Cape Town CBD
16 buildings	**11** buildings
222 383m² GLA (92% occupied)	171 555m² GLA (94% occupied)
45 303m² GLA under development	

GRADE OF PROPERTY CONTRIBUTING TO THE 8.5% OFFICE VACANCY (%)



Premium	8
A-grade	17
Secondary	75

We are significantly invested in Sandton. This node, however, faces the challenges of traffic congestion and continuous development resulting in oversupply in the market. Despite these challenges, there is still much opportunity in Sandton as it remains the main financial, legal and international head-office district of South Africa and Johannesburg's premier business node.

Redefine continues to pursue the disposal of its non-core public sector tenanted office properties. During the year R400 million of government-tenant offices were disposed of. Subsequent to year-end Redefine concluded a agreement to dispose of a further 60% of these properties.

Older CBDs still find it difficult to reduce their high vacancies. Redefine holds a number of properties in Johannesburg, Pretoria and Durban CBDs. These areas have shown continued urban decline and therefore no longer meet the requirements of Redefine's investment criteria. We are in the process of disposing of many of our non-core properties in these areas.

Redefine, however, is growing its investment in Cape Town, with the Cape Town CBD and surrounds showing continued potential for growth. During the year, we acquired the Leaf portfolio of properties, substantially enhancing our office portfolio in the Western Cape.

Office prospects

We foresee no marked improvements in overall office vacancy rates in the year ahead with higher vacancy levels in certain nodes as new developments near completion. Green building projects will, however, give us an edge, particularly with those corporates looking for top-level office accommodation. Results released in July by IPD South Africa Annual Green Property Indicators 2014, showed that green buildings outperformed their conventional counterparts. Quality assets such as these, as well as other quality buildings in Redefine's quality portfolio, are set to retain and attract tenancies.

Tenant retention will remain a focus going forward, as will reducing vacancies across the portfolio. We will also continue to focus on the redevelopment of well-located buildings rather than large-scale development of new buildings.

"THE DISTINCTIVE AND EVER CHANGING FACADE OF 90 GRAYSTON IS SET TO ESTABLISH THIS BUILDING AS A SANDTON LANDMARK."

Architect and Builder magazine

90 Grayston Drive: The confluence of artistry and sustainable functionality

This trend-setting 16 storey commercial development is set to create a new benchmark for future commercial development.

The architectural expression of the building is contemporary, with glass used wherever possible to ensure maximum natural light and excellent views. Natural greenery has been used inside and outside the building, including a roof terrace, which serves to invite nature in while softening the sleek lines of the building.

The building boasts unique flexibility in its design with the layout of each office floor intended to ensure the optimum functional and spatial relationship between the service and served spaces.

The development has earned a GBCSA design and as built 4-star rating, positioning it among South Africa's most innovative and recognisable buildings.

INDUSTRIAL PORTFOLIO REVIEW

INDUSTRIAL PORTFOLIO REVIEW

Redefine has a diversified industrial property portfolio, providing a wide spectrum of usable areas to cater for manufacturing, warehousing and small to medium sized enterprises. The balanced sub-sector spread continues to enhance Redefine's defensive property asset pool.

HIGHLIGHTS

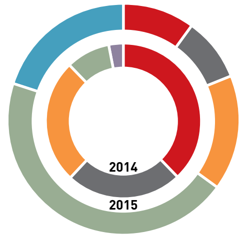
- Redefine has entered into joint venture agreements with key role players to secure large tracts of development land, giving way to new industrial precincts along major arterial routes around South Africa
- Concluded the transfer of the Macsteel property portfolio of 27 properties for R2.7 billion, measuring 552 641m²
- Substantially re-let DC Cato Ridge vacated by Ellerines during 2014
- Restructured the industrial management division by incorporating specialised asset management to enhance business outcomes

CHALLENGES

- Macroeconomic conditions continue to place pressure on tenants
- Increasing vacancies around older industrial nodes is causing pressure on rental growth in older facilities
- Poorly maintained municipal infrastructure adds pressure on the functionality and commercial value of certain assets

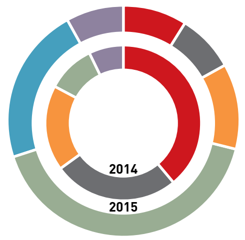
Macsteel, Boksburg, Greater Johannesburg

INDUSTRIAL GLA BY TYPE (%)



	2015	2014
Warehousing	**10**	38
High grade/high tech	**9**	24
Light manufacturing	**16**	26
Industrial units	**45**	9
Modern logistics	**20**	–
Other	**–**	3

INDUSTRIAL VALUE BY TYPE (%)



	2015	2014
Warehousing	**9**	39
High grade/high tech	**8**	26
Light manufacturing	**12**	18
Industrial units	**41**	10
Modern logistics	**22**	–
Other	**8**	7

Industrial sector overview

While vacancies remain high amongst older industrial and warehousing units, predominantly serving the manufacturing industries, demand continues to grow for new highly efficient logistics and warehousing units along main arterial routes.

The older industrial nodes were historically established on the edge of cities and towns and had over time become surrounded by industrial township extensions and in certain cases new residential areas. As a result, the roads and stormwater infrastructures to the older industrial nodes are under pressure in coping with the attenuated hard surfaces and increased heavy vehicle traffic.

Through the proclamation of reclaimed mining land and unproductive agricultural land, new warehousing and business precincts were established along main arterials. These modern logistics parks are now fully developed and unable to satisfy the demand for warehousing with large volumetric capacity. As a result, developments in the industrial sector are primarily driven by the sustained demand for modern logistics warehousing.

Conversely, older, less efficient warehousing is becoming increasingly obsolete. High property taxes have diluted the market rentals achievable, driving the value of older industrial units downwards. As residual property values are diluted to the extent where rental income growth become muted, redevelopment opportunities prevail through the demand for new logistics warehousing in key established areas. The higher rent achieved on newly developed and redeveloped modern logistics and multi-warehousing units improves the longevity of these preferred assets in the industrial sector.

Further drivers for new modern logistics facilities are:

- More balanced building coverage to yard area to accommodate vehicle staging and reticulation
- Higher clear height to eaves internally to accommodate the range of improved material handling equipment
- Improved flat floors to carry racking post loads of nine tonnes to 12 tonnes depending on client preferences
- Mezzanines for fine picking areas

Industrial key performance statistics

	2015	2014	Increase/ (decrease) %
Number of properties	**106**	69	53.6
Total GLA (m²) (million)	**2.0**	1.2	63.0
Vacancy (%)	**3.8**	5.3	(28.3)
Asset value (R million)	**10 495**	5 602	87.4
Average property value (R million)	**100.0**	81.2	23.1
Valuation per m² (excluding undeveloped bulk)	**5 367**	4 669.8	14.9
Sector value as % of total portfolio	**20.5**	18.5	10.8
Average gross rent per m²	**42.3**	42.5	(0.4)
Average portfolio rental escalation (%)	**8.7**	8.0	8.5
Tenant retention rate (%)	**89.1**	76.8	16.0
Weighted average renewal rental growth (%)	**(5.0)**	4.4	(213.6)
Weighted average portfolio escalation (% by GLA)	**7.8**	7.9	(1.4)
Weighted average lease period by GMR (years)	**7.7**	6.7	14.0
Weighted average lease expiry (years)	**5.8**	4.3	36.5
% of total net property income	**21.0**	16.0	31.3
Average annualised property yield (%)	**8.6**	10.3	(16.5)

Redefine's industrial portfolio delivered a weighted average portfolio escalation growth of 7.8% and weighted average lease period of 7.66 years.

Our tenant retention ratio of 89.1% was impacted primarily by three tenants in business rescue, events that are beyond our control, namely Duro Pressings in Alrode and Ellerines (affecting our revenue in Cato Ridge) and DHL's premature exit from their facility in Jet Park. These events caused management to intensify efforts to re-let the unforeseen vacancies. By year-end we secured new tenants for 81% of this space and negotiations are in progress to let the balance.

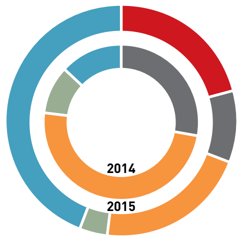
Industrial prospects

Through Redefine's strategic acquisition of the Macsteel property tranche, comprising 32% of the industrial portfolio, the triple net lease escalating at 8% per annum provides a secure rental revenue stream for 12-years. Nevertheless, we remain cognisant that new lease rentals are expected to be under pressure across all sub-sectors for the coming year.

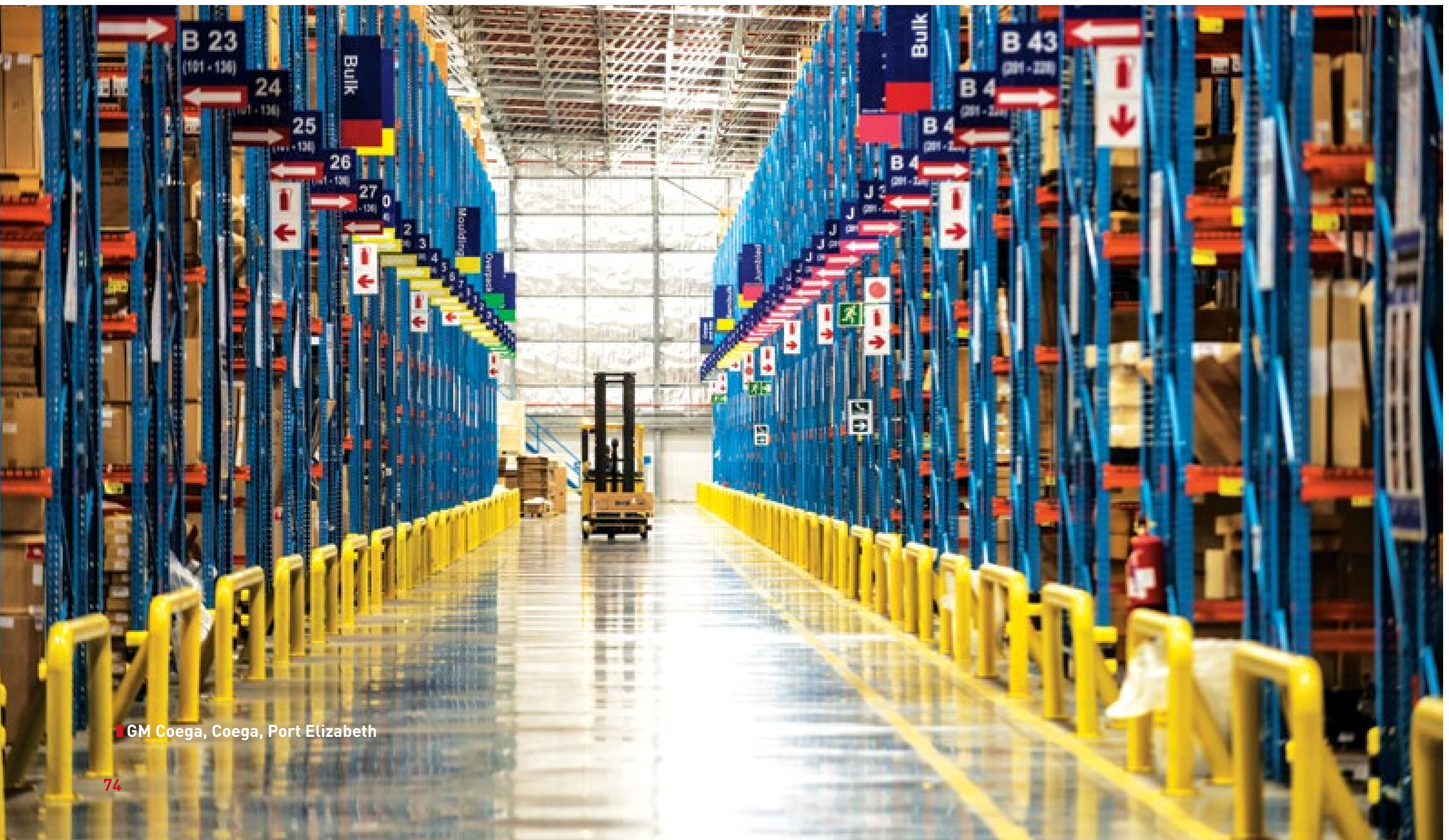
Developing generic warehousing facilities suitable for a wide spectrum of logistics and fast moving consumer goods operations will further enhance the quality of the industrial portfolio. We remain sensitive to the economic environment, focusing on implementing the best design elements at the lowest costs. Redevelopment of a number of well-located, older properties such as Fabric Park in Midrand (13 000m²) and 34 Wrench Road, Isando (24 000m²) are currently underway.

Sizable tracts of developable land have been acquired in Brackengate, Cape Town, S&J industrial land along the N3 near Germiston and in Cornubia Business Estate near Umhlanga. These tracts of land provide Redefine with a significant industrial development pipeline in the three main economic hubs of South Africa. Through Redefine's dedicated asset management and development teams we are able to provide bespoke facilities for rent, joint ownership and in selected cases disposal of pre-identified land parcels in line with Redefine's investment strategy.

5,1% INDUSTRIAL VACANCY SPLIT BY TYPE (%)



	2015	2014
Warehousing	21	–
High grade/high tech	10	28
Light manufacturing	21	49
Industrial units	4	10
Modern logistics	44	13



GM Coega, Coega, Port Elizabeth

INTERNATIONAL DIVERSIFICATION

Listed securities		Direct property investments	
RI PLC	**Cromwell**	**Cromwell Partners Trust**	**German Portfolio**
KEY STATISTICS			
• 30.1% equity interest valued at R4.9 billion • 7.4% of group distribution • 6.4% of group property assets	• 25.6% direct equity interest valued at R4.3 billion • 5.8% of group distribution • 6.7% of group property assets	• 50% equity interest valued at R675 million • 0.1% of group distribution • 1.1% of group property assets	• 50% equity interest valued at R653 million • 67 properties • 1.2% of group distribution • 1.1% of group property assets
OVERVIEW			
RI PLC is a LSE and JSE income-focused diversified UK REIT with exposure to a broad range of properties, listed property securities and geographical areas. The group currently has investments in the United Kingdom, Switzerland, Germany, the Netherlands and the Channel Islands concentrating on the retail, government, commercial (office and industrial) and hotel property sectors. RI PLC is included in the FTSE 250, FTSE All-Share and the EPRA indices.	Cromwell is one of Australia's leading property investment and funds management groups. It has a property portfolio valued at AUS$2.2 billion, and a thriving funds management business with AUS$12.1 billion of assets under management. Cromwell is listed on the ASX, and is included in the S&P/ASX 200, an index of the 200 largest and most liquid stocks on ASX.	The trust was formed in joint venture with Cromwell to acquire and hold units in Northpoint Trust, which itself was constituted to acquire the Northpoint Tower in the North Sydney central business district. Northpoint is north Sydney's tallest and most recognisable office tower, with a total land area of more than 5 000m² and a net lettable area of 35 145m² spread across 42 floors, which is 99.5% let.	The portfolio is a joint venture with RI PLC valued at R2.4 billion. The portfolio includes 56 supermarkets located throughout Germany with anchor tenants including Lidl, Edeka, Aachen and Penny, all being amongst Germany´s largest food retailers, with other tenants including multi-national chains such as Rossmann, DM, Kik, and Freshnaft.
REDEFINE'S STRATEGY			
Redefine has supported RI PLC's growth over the years to become a main board LSE counter that has a secondary listing on the JSE. Redefine has provided financial assistance to RI PLC to enable them to undertake a transformative acquisition of the Aegon portfolio.	On 31 August 2015 Redefine acquired a further 9.7% in Cromwell for R1.6 billion, increasing it's holding in Cromwell to 25.6%. Redefine now has significant influence over Cromwell and as a result the investment has been transferred to interest in associates.	The investment in Northpoint was Redefine's first direct international property investment, which was made possible by the establishment of an South African Reserve Bank approved holding company (Redefine Global). Northpoint's prominence within the northern Sydney precinct, offers substantial repositioning opportunities. Redevelopment of Northpoint which is anticipated to cost AUD125 million will commence early in 2016. It is well-timed to take advantage of a rapid-rail station which is to be constructed in close proximity.	The investment constitutes Redefine's first direct entry into Europe. A number of asset management initiatives to expand and refurbish sites (to secure new long-term leases) are underway within the portfolio and are generating rentals and distributable profit above expectation that should create capital growth. The weighted average lease term for the portfolio is 9.5 years and overall occupancy is at 98%.
For a more comprehensive overview of RI PLC, please refer to www.redefineinternational.com	For a more comprehensive overview of Cromwell, please refer to www.cromwell.com.au	For a more comprehensive overview of Northpoint, please refer to property portfolio overview on www.cromwell.com.au	For a more comprehensive overview of the German portfolio, please refer to the property portfolio overview on www.redefineinternational.com

WHAT HUMAN CAPITAL MEANS TO REDEFINE

Our human capital is our employees, who are our key resource and strategic differentiator. Their knowledge, skill, attitude and innovativeness are how we will achieve our vision of being the best South African REIT.

HIGHLIGHTS

- Accredited as a Top Employer by the Top Employer's institute
- Debuted our team communication tool, Team Chat, to facilitate more effective communication within the business
- Aligned our organisational operating structures to our strategy to ensure effective implementation and execution of deliverables
- Improved our overall engagement capital score from 70% to 73%
- In excess of R5 million invested in training and development
- Learnership programme in its third year and continued to deliver exceptional recruits

RISKS AND OPPORTUNITIES

- Recruiting and retaining the right people, individuals who possess the skills necessary to support our people-orientated business focus
- A continuous focus area is increasing the number of employees from designated groups
- Embedding Redefine's unique ethos and improved organisational structure throughout the group

CREATING VALUE

In essence, the human resources value proposition strives to strengthen the intangible capital of the organisation by contributing to the success of the business, maximising stakeholder benefit through the creation of value for our employees, who then in turn create value for our organisation by delivering on our strategic objectives.

RELEVANT

MATERIAL MATTERS

Mitigating skills shortages in the industry

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

Growing the Redefine brand amidst increased competition in the market

We seek to differentiate ourselves through our people-centric approach to business, which focuses on relationships. Our people are therefore key to our success in growing our brand in a market that is fiercely competitive.

Let's talk people roadshow, Johannesburg

REFLECTING ON 2015

In our 2014 report, we reported on certain priorities for our 2015 financial year.

THIS IS HOW WE DID:

Ongoing focus on employee engagement and communication

This focus bore fruit during the year, with our engagement capital score increasing from 70% to 73% year-on-year.

During 2015 we continued to focus on embedding our corporate culture through roadshows and on improving staff communication through our Team Chat platform.

Focused leadership development

During the year, we held a leadership conference with our senior executives, focusing on their role as leaders in relation to Redefine's strategy.

Proactive succession management

This remains a key priority going forward as one of our top of mind risks is the skill shortage in our industry.

Improving organisational structure

During the year, we enhanced our organisational operating structures to be more closely aligned to our strategy and introduced specialist focus to our sector management teams.

Proactive change management

Change management remains a key priority as we continue to integrate new staff into the group.

Accurately assessing employee performance

During 2015 we took steps towards refining employees' key performance areas in order to accurately assess each employee's performance. This remains a focus going forward.

Priorities for 2016 and beyond

- Ongoing improvement of our employee engagement practices
- Refining key performance areas in order to accurately assess employee performance
- Continuing leadership development through both formal and informal programmes
- Focusing on embedding organisational structures and values throughout the group
- Ongoing efforts to reinforce Redefine's employer brand positioning
- Continuing change management due to Redefine's ongoing growth

We endeavour to hire extraordinary people, those who embody the values of our organisation, because we understand that there is nothing more powerful than our employees' passion and initiative in our efforts at being the best in all aspects of what we do.

Through the development of a strong employer brand, we are able to attract and retain these quality individuals. Within our organisation we capitalise on the capabilities of our talented staff through streamlining internal processes and procedures and enhancing competencies through training and development. We work to embed a values-driven corporate culture acknowledging that our employees act as brand ambassadors.

Human capital delivering sustained value for stakeholders

Tangible **VALUE**

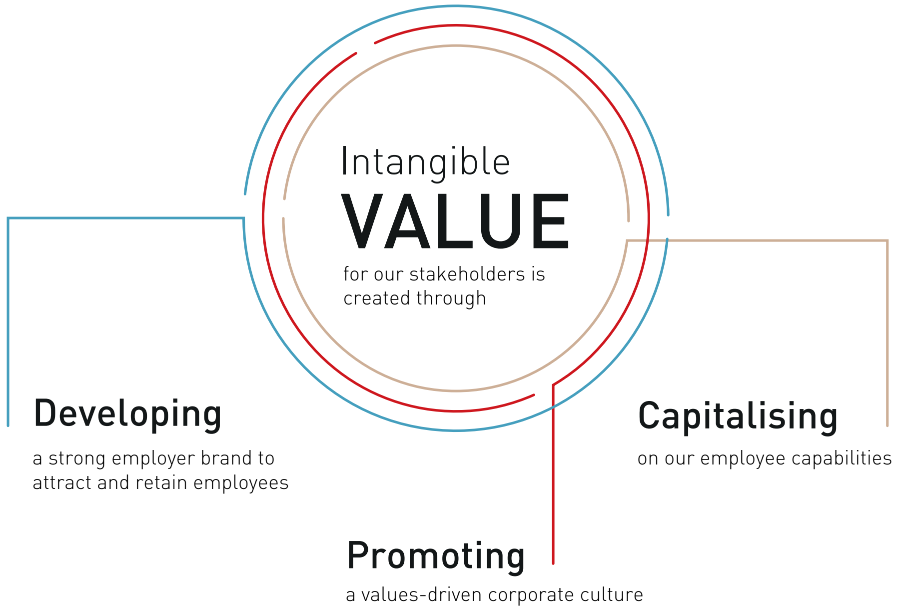
+

Intangible **VALUE**

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

=

Stakeholder **VALUE**



"TO BE RECOGNISED AMONG A SELECT GROUP OF TOP EMPLOYERS CONFIRMS THAT WE ARE ON TRACK TO BECOMING AN EMPLOYER OF CHOICE AND THAT REDEFINE IS ABLE TO ATTRACT AND RETAIN HIGH-CALIBRE TALENT. IN THE END, IT COMES DOWN TO PEOPLE AND OUR EMPLOYEES ARE FUNDAMENTAL TO THE SUCCESS OF OUR BUSINESS."

Andrew König

top EMPLOYER SOUTH AFRICA 2016

CERTIFIED EXCELLENCE IN EMPLOYEE CONDITIONS

DEVELOPING A STRONG EMPLOYER BRAND TO ATTRACT AND RETAIN TOP TALENT

With clear signs that the competition for talent is becoming more challenging, especially within the property industry, focusing on our employer brand is imperative. Our employer brand is the message communicated to the market with regard to our reputation as an employer, as opposed to a more general corporate brand reputation. Redefine strives to be known as an employer of choice in order to facilitate our ability to attract and retain ideal employees and, in so doing, enable the achievement of our strategic objectives.

In developing our employer brand, we focus on understanding our staff profile, effective employee engagement, reward and recognition programmes, as well as employee wellness initiatives.

Staff profile

We operate in a fiercely competitive industry. Attracting and retaining the right people is key to Redefine's success.

364 employees, up 44% from 2014

Average age of 40 years

Average tenure of four years, down from five in 2014

Total staff turnover of 10.4%, down from 10.7% in 2014

51% female employees in 2015 – down from 57%

Employee engagement

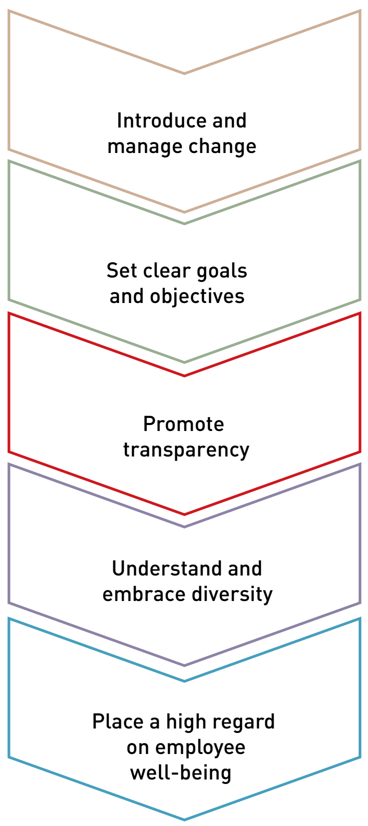
Great brands are built from the inside out. This includes great employer brands. We understand that our external marketing efforts will never outweigh the impact of what our employees think, say and do. They are our brand ambassadors and our most valuable assets. We therefore endeavour to engage meaningfully with our employees in order to understand and respond to their legitimate needs and concerns.

Employee engagement survey

Our employee engagement survey is a critical part of understanding our employee's concerns in an anonymous forum. During 2015 employees were once again provided with the opportunity to share their opinions regarding their jobs and their work environment by participating in the 2015 employee engagement survey. It is the second year that Redefine has requested employees to take part in this web-based survey, requesting their opinions on topics such as career and professional development, manager quality and rewards and recognition.

Survey category	Redefine score %	Benchmark score %	Relevance
Engagement capital	73	60	Relatively high overall level of commitment, discretionary effort, and intent to stay
Top engagement strengths			
Discretionary effort	83	86	Willingness to go 'above and beyond' the call of duty
Employee commitment	82	70	Shows intent to stay with the organisation
Top engagement gaps			
Communication	43	41	Need for enhanced internal communication
Compensation and rewards	44	36	Recognition of effort and commitment

Employee engagement encompasses a holistic approach to Redefine's interaction with our people, including how we:



Reward and recognition

Providing a competitive remuneration structure helps us retain and motivate the best people. Salaries are benchmarked against industry peers, all our employees participate in the annual bonus scheme based on company financial and individual performance in accordance with the remuneration policy (described more fully in the remuneration report on page 108).

In addition, Redefine's model seeks to acknowledge and reward people for good performance through a formal reward and recognition programme and also informally through constant feedback, opportunities to grow and various other initiatives. Our reward programme is a communication tool that reinforces and rewards the most important outcomes people create for our business. By recognising our employees, we effectively reinforce the actions and behaviour we most value. All employees participate and are eligible for recognition. We use various mechanisms, such as fair and equitable remuneration, regular feedback and appreciation, quarterly reward celebrations and the annual CEO year-end awards.

CAPITALISING ON CAPABILITIES

Our organisational capabilities reflect the manner in which our people, our business practices and processes and company resources are brought together to accomplish Redefine's strategic objectives. During the year, we focused our human resource efforts on better aligning our people capabilities with the strategic objectives of the group, as well as focusing on training and development initiatives to enhance our employees' skills.

Improving our strategic alignment

We believe that our people are the driving force of our achievements and only through their buy-in and continual efforts, will we be able to achieve our strategic objectives. We are therefore focused on assisting each of our employees in understanding their valuable place in our organisation and how each individual fits into the bigger picture. In order to achieve this goal, we have chosen to implement a strategy cascading methodology, that is, the cascading of goals and objectives throughout the organisation. This allows each employee to understand how their daily actions contribute to the overall success of the organisation and ensures that resources are aligned with strategic priorities. We have completed a pilot project using this system in both an operational and a support department and are pleased with the results. We will be implementing the system throughout the organisation in the year ahead.

In addition, as we committed last year, we have aligned our staffing structures and business processes to our strategy to engender a culture of accountability, build capacity and meet the demands of the transforming property portfolio. Careful consideration has gone into the creation of this organisational structure that we believe best serves the sustainability of our business and enables us to efficiently execute our strategy.

Our business now consists of two distinct operations which are interlinked: asset management and property management. Both of these operations are supported through shared services such as Human Resources and Finance.

During the year progress was made regarding the implementation of the new organisational structures but the intention of the restructure has not yet been fully realised. Going forward the focus will be on embedding the organisational structures with a focus on role clarity and task delineation.

SHARED services

Human resources, legal, finance, IT, marketing, development, acquisitions and disposals, internal audit

ASSET management

- Master planning
- Identify acquisition needs
- Seek value-add opportunities
- Ear-mark assets for recycling
- Key focus: Investors and funders

PROPERTY management

- Find and vet tenants
- Maintain properties
- Offer value added services
- Collect rent
- Administration support
- Key focus: Sustained growth in NOI

Training and career development

We identify, transfer and develop scarce or critical skills to optimise competence in key areas of our business. We develop talent from within by giving employees the opportunity to acquire skills, knowledge and competencies. Redefine uses a blended approach, which includes on-the-job training, coaching, workshops, structured programmes (including learnerships and graduate programmes) and study bursaries for tertiary education.

Learnership programmes

Redefine's learnership programme entered its third year during 2015. Starting with a meagre five learners in 2013, the programme has grown to include seventeen learners and is expected to expand even further in the coming year.

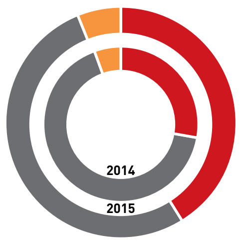
The programme offers graduates and school leavers from designated groups the opportunity to gain real work experience. The programme is transformational in that it supports talented, young South Africans from previously disadvantaged backgrounds. Redefine offers this support to individuals who have successfully completed studies in various fields such as legal, human resources, internal audit, finance and property-related studies. The programme is also aimed at school leavers who may not have the financial means to further their education.

PROMOTING A VALUES-DRIVEN CORPORATE CULTURE

Values are core

Redefine's relational business model means that an aligned workforce, one where each employee has a clear sense of our vision, mission and values, is an important part of the way we do business. A key component of our human capital management is therefore the embedding of our unique

EMPLOYMENT EQUITY BREAKDOWN OF LEARNERSHIPS



	2015	2014
African male	7	4
White male	–	1
Male total	**7**	**5**
African female	7	11
Indian female	2	1
Female total	**9**	**12**
African disabled	1	1
Disabled total	**1**	**1**

2015 learners' graduation ceremony

EMPLOYEES FROM PREVIOUSLY DISADVANTAGED GROUPS (%)

2011	57
2012	53
2013	55
2014	57
2015	60

"AS AN ASPIRING PROPERTY PROFESSIONAL WHAT ATTRACTED ME TO REDEFINE WAS THE VALUES ON WHICH THE COMPANY IS BUILT."

Rorisang Molefe – Legal learner

culture and values throughout the group. This is done through various platforms including internal marketing, roadshows and internal communication platforms such as our Team Chat forums. These sessions ensure key themes and important information flows from senior management to teams throughout the business. Line managers are encouraged to facilitate two-way communication with their teams to share key messages, but also identify areas for consideration to enhance employee engagement.

Leveraging the strength of diversity

We understand that the diverse knowledge and skills of our workforce benefits our entire organisation, fostering creativity and expanding our approach to problem solving and thus our responsiveness to changing conditions.

Each individual in our diverse team of people possesses unique strengths. When acknowledged and managed, diversity in the workplace leverages the strengths and balance the weaknesses of other members of the team making the whole of the workforce greater than the sum of its parts.

We are committed to ongoing organisational transformation that leads to diversity through all levels, up to and including leadership. The company is committed to creating a diverse and equitable workplace by ensuring that decision making is fair and consistent.

Redefine recognises that all employees must be committed to achieving employment equity goals. We support the principles reflected in the Employment Equity Act and prohibit unfair discrimination on any grounds.

Affirmative action measures are used to redress the effect of historical patterns of discrimination in employment practices, thereby ensuring equitable representation of designated groups in all occupational categories and levels in the work environment. We have developed a comprehensive employment equity plan with specific implementation goals and targets.

Redefine submits employment equity reports and plans as required by legislation. In line with the strategic priorities of the business to enhance and improve the core property portfolio, new properties are acquired and new staff transferred to the existing business. When properties are sold, the employees associated with these assets are transferred out of the business as part of sale agreements with the new owners. These business transactions have an impact on our employment equity statistics. A key challenge and continuous focus is to increase the number of employees from designated groups.

Reaching a demographic balance is exacerbated by the shortage of specific skills in our sector.

Prevention of unfair discrimination

Redefine views discrimination as a very serious transgression of employees' rights and is a dismissable offence. Our disciplinary policy prioritises employees' rights and our sexual harassment policy prohibits such behaviour as a form of discrimination.

We are serious about ethics

During the year we conducted a confidential web-based ethics survey to determine employees' perceptions of ethics policies and practices within the group, in order to gain a sense of the ethical culture of the group and provide an indication of areas requiring improvement.

The survey was conducted in February 2015 among all employees. The response rate was 70%, making the results a credible and representative account of the company's current ethical standing. This is an improvement from the 2014 survey, which had a final response rate of 61%, and can be considered a positive reflection of employees' confidence in the confidentiality of the survey.

The survey results were very good for both behaviour and ethical boundaries and uncovered no major ethical risks. Leadership and the organisation's values emerged as noteworthy strengths.

SOCIAL AND RELATIONSHIP CAPITAL

WHAT SOCIAL AND RELATIONSHIP CAPITAL MEANS TO REDEFINE

Social and relationship capital for Redefine refers to the relational intangibles that exist between us and those outside our group. Living Redefine's values make our day-to-day operations possible and ensure we remain socially relevant to the communities in which our properties are embedded.

HIGHLIGHTS

- Established the Redefine Empowerment Trust with the principle focus on activities to improve education and training at all levels
- Achieved level 3 rating for BBBEE up from a level 6
- Won the International Sponsorship category of the Business and Arts South Africa Awards for our successful partnership with Buskaid Music Academy in Soweto
- Invested R3.4 million in CSI during the year
- Ethics survey extended to suppliers and tenants

RISKS AND OPPORTUNITIES

- Focusing on raising public awareness around our brand promise presents both an opportunity and a risk in ensuring that through internal processes our stakeholder interactions are channelled to drive delivery on our brand promise at all times
- Continually improving our stakeholder engagement practices enhances our risk mitigation and enables us to exploit opportunities that arise through heightened understanding of stakeholder needs
- Balancing impact with reach remains a challenge for the group. Finite resources mean that if we were to attempt to reach all the communities surrounding the areas in which we operate, our impact on these communities would be diluted. The opportunity for Redefine lies in focused efforts to create 'pockets of excellence'

CREATING VALUE

Social and relationship capital is often unconsciously created or reduced through the course of everyday interactions. As an organisation, we are conscious in our attempts to foster value-creating relationships through the strengthening of existing social networks in an authentic way. We recognise that the sustainability of our business is dependent on our social licence to operate, which depends largely on the quality of our stakeholder relationships and the sustainable value we create for them.

RELEVANT

MATERIAL MATTERS

Growing the Redefine brand amidst increased competition in the market

Our brand is the essence of who we are in the market place. We seek to differentiate ourselves through our people-centric approach to business. We wish to nurture this culture internally and extend it externally in the way we add value to the lives of our stakeholders.

Buskaid Music Academy student

REFLECTING ON 2015

In our 2014 report, we reported on certain priorities for our 2015 financial year.

THIS IS HOW WE DID:

Revising our corporate responsibility strategy and targets in order to better align with our business objectives

During the year, we revised our CSI strategy, focusing on the importance of concentrated measurable impact in our communities.

More regional projects with staff involvement

Our staff participated in a number of regional projects. Some of the detail of these projects is contained in this report, but for additional information on our projects, please see our social, ethics and sustainability report. SES

Aim to create 'pockets of excellence' within communities

This year we expanded our focus to include the community surrounding Buskaid in Diepkloof, Johannesburg and Gugulethu in Cape Town.

Identify additional stakeholder communication platforms

During the year, we instituted team chat forums to improve our employee engagement and continued to focus on improving our external stakeholder communications platforms.

Evolution of marketing strategy

During the year, we sought to enhance our brand positioning, changing perceptions and deepening common understanding amongst our various stakeholders through our ongoing corporate advertising campaign, which included a series of radio and print adverts as well as the launch of our first full television commercial.

Relaunch corporate website

The launch of our new website did not meet expectation and is in the process of redevelopment. This will be a priority going forward for our 2016 financial year.

Priorities for 2016 and beyond

- Operational alignment to safeguard delivery on our brand promise
- A continued focus on improving stakeholder engagement, including the creation of a centralised stakeholder database to ensure stakeholders' legitimate needs are identified and addressed
- Further exploration into collaboration with other funders in order to intensify our efforts in specified communities
- Relaunch our corporate website

"RELATIONSHIPS MAKE OUR BUSINESS POSSIBLE. ENGAGEMENT WITH ALL OUR STAKEHOLDERS IS A TOP PRIORITY."

COMMUNICATION WITH OUR STAKEHOLDERS

OUR BRAND

One of the most fundamental ways in which we communicate with our stakeholders is through our external branding initiatives. The essence of Redefine's brand promise is to prioritise stakeholder communication and relationships, as captured in our pay-off line: "We're not landlords. We're people". We have used an innovative approach in developing brand awareness and recognition. During the year, we sought to enhance this brand positioning, changing perceptions and deepening common understanding amongst our various stakeholders through our ongoing corporate advertising campaign, which included a series of radio and television adverts developed to convey the 'human' face of the brand.

COMMUNICATION WITH OUR STAKEHOLDERS

We see our stakeholder engagement as being a continuous feedback loop, with stakeholder inputs informing our decision making, while our communications with each stakeholder group enables them to make well-informed decisions regarding Redefine.

Our stakeholder engagement strategies, systems and processes enable us to understand and respond to our stakeholders' legitimate concerns, from collaborative partnerships to find solutions to collective challenges, and to drive development in the communities in which we operate.

Redefine has identified all our material stakeholder groups and prioritised stakeholder concerns as part of our risk management activities. We understand that proactive and transparent stakeholder engagement is essential to preserving our corporate reputation. Stakeholder engagement and communication is proactively managed and driven through various channels and platforms, both formal and informal, targeting all of Redefine's key stakeholders. Customer complaints are taken seriously and dealt with timeously, through a centralised call centre.

For our detailed stakeholder table refer to our social, ethics and sustainability report. SES

REDEFINE PROPERTIES

We're not landlords. We're people.

Redefine TV commercial conveying human face of the brand

www.youtube.com/watch?v=V2bKbLlh0s0

FOCUSING ON BROADER TRANSFORMATION

As an organisation operating within the South African context, we understand that in order to maintain our social licence to operate we must be seen to be contributing positively to BBBEE in our country.

At Redefine, however, we don't just pay lip service to this policy. We believe that BBBEE is not simply a policy aimed at redressing historic inequalities, but a pragmatic strategy that aims to create sustainable economic growth. Our approach to transformation is to create long lasting, robust and broad-based benefit for the wider South African society. We believe that by empowering South Africans at all levels, through education, we can go a long way towards overcoming the barriers to transformation and, at the same time, create the kind of skills that the country needs.

In keeping with this focus, during the year Redefine established an Empowerment Trust, issuing to the trust shares valued at approximately R3 billion. The trust, which has been structured as a capital preserving trust, will continue in perpetuity. Its main focus is on activities to improve education and training through the provision of scholarships, bursaries and community development programmes. The trust will operate independently and will be managed by external independent trustees.

OUR BBBEE PERFORMANCE DURING 2015

Redefine has come a long way in advancing our BBBEE strategy and the implementation thereof. During the year, we saw our score improve from a level 6 to a level 3, demonstrating our commitment to sustainable transformation and economic growth.

"WE HAVE USED AN INNOVATIVE APPROACH IN DEVELOPING BRAND AWARENESS AND RECOGNITION."

"REDEFINE HAS COME A LONG WAY IN ADVANCING OUR BBBEE STRATEGY."

BBBEE scorecard

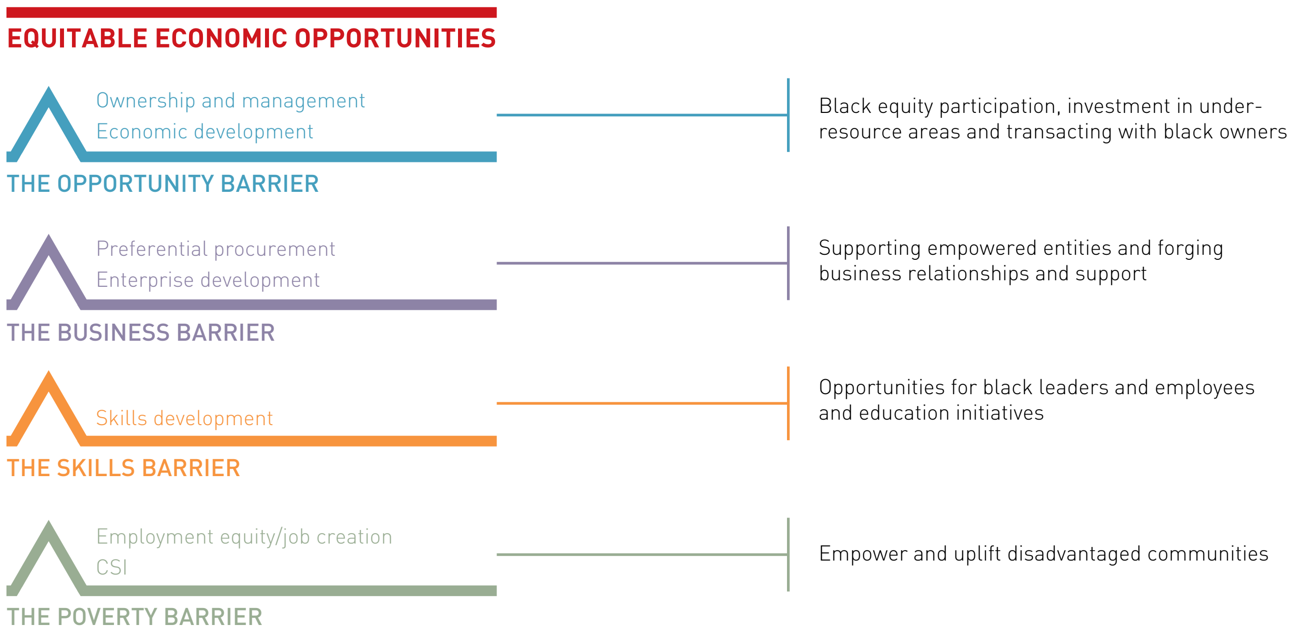
Element	2015	2014
Ownership	23.00	13.75
Management control	2.46	2.67
Employment equity	2.61	1.83
Skills development	13.05	2.03
Preferential procurement	16.42	14.26
Enterprise development	10.00	10.00
Socio-economic development	0.35	0.22
Economic development	12.55	3.97
Overall score	80.42	48.73
BBBEE contributor level	3	6

REMAINING SOCIALLY RELEVANT

During the year, we re-examined our CSI strategy to better align with our core values and to ensure that our efforts are creating sustained value for the communities in which we operate. Our revised strategy focuses on the importance of concentrated measurable impact with an emphasis on collaboration with other funders in order to intensify our efforts in specified communities.

Redefine has a centralised approach to CSI, with smaller regional projects carried out by our staff in the communities in which they live and work. During 2015, Redefine and our Redefiners participated in CSI initiatives in an effort to make tangible social impacts in our communities.

Redefine's approach to transformation



Our INITIATIVES...

NATIONAL

Creating 'pockets of excellence'

In order to ensure a measurable impact in the communities in which we operate, our long-term vision is to steer away from investing in various smaller projects and rather look to the wider community, in the areas where we are already involved, and strive to create 'pockets of excellence' by concentrating our efforts on those areas. We have identified Gugulethu and Diepkloof as the first two areas for this wider community focus. For details on how we are extending our efforts beyond the projects mentioned below, please see our 2015 social, ethics and sustainability report. SES

...are MAKING A sustainable DIFFERENCE

For further information on our CSI initiatives, please see our social, ethics and sustainability report. SES


1


2


3

Gugulethu

1: AMANDLA EDUFOOTBALL

The Amandla model uses football to provide an accessible way to help develop children in areas with very few opportunities. Soccer has, like very little else, the ability to draw young people off the street into 'safe hubs' that provide a place of physical and emotional safety, in which young people's rights are recognised, their responsibilities are encouraged, and their potential is realised.

Our initiatives: Redefine has supplied R900 000 towards a 'safe hub' project in Gugulethu, Cape Town. The funding will be allocated towards the building of a workshop, homework and information communications technology (ICT) centre in the safe-hub building.

Diepkloof

2: BUSKAID MUSIC ACADEMY

Buskaid Music Academy in Diepkloof is a township project that teaches children to play classical string instruments. As they learn the skill and discipline needed to become accomplished musicians, their physical and intellectual development also blossoms.

Our initiatives: Redefine helps bring the gift of music to 108 children by sponsoring this Soweto-based project.

3: MAHARISHI INSTITUTE

The Maharishi institute was created in 2007 for the purpose of making tertiary education accessible to all. This non-profit organisation was established to create a new generation of leaders for South Africa through a consciousness-based approach to education and serves to uplift and provide educational opportunities for disadvantaged youth.

Our initiatives: During the year Redefine sponsored seven students, with full bursaries, to study through the Maharishi Institute.


4


5

REGIONAL

Collaborating with our employees to make a difference

Our Redefine philosophy is about being on the ground and making things happen. This is evident in our staff, from management to each and every employee, in each division around the country.

Redefine's staff fund is our way of supporting our staff in living out these values. Our employees are passionate about getting actively involved in making a difference within the communities where they work or live and during the past year, employees involved themselves in the following projects:

4: REACH FOR A DREAM

The Jabulani Kingdom programme is a Reach for a Dream initiative aimed at bringing joy and laughter to children confined to hospital beds, using professional clowns and magicians to entertain ailing children with magic tricks, balloon sculptures, jokes and stories.

Our initiatives: Redefine again partnered with Reach for a Dream during 2015, with employees participating in the Jabulani Kingdom programme in their regions.

5: WARM THE WORLD

Warm the world is in the business of warming the world, one square at a time, by providing wool for individuals to make into squares that are then joined together to make blankets for people in need.

Our initiatives: Our employees set out to knit enough woollen squares to make 67 blankets in celebration of Mandela Day. In the end we collected enough squares to make 81 blankets. On the 22 July, the blankets were handed out in a pediatric surgical unit at Chris Hani Baragwanath Hospital.

CASUAL DAY 2015

On Casual Day this year, 11 Redefine teams in Johannesburg participated in a fund raising initiative whereby staff had to prepare meals to be sold in a market format.

Our initiatives: Proceeds from the sales were matched by Redefine and donated to Little Eden Society. The team that raised the most funds was awarded R10 000 to add to what they had already raised to donate to the charity.

6: LEWENSKRUISPAD COMMUNITY CENTRE

Lewenskruispad Community Centre just outside of Three Rivers, Vereeniging provides food and shelter for adults and children in need.

Our initiatives: In December 2014 Redefine staff in Johannesburg arranged a Christmas collection and handover at the community centre. The total amount spent on the project amounted to R23 000, which included a portion of cash and other donations from staff, which was matched by Redefine.


6


7

8

7: REPUBLIC PRIMARY SCHOOL

8: MASONWABE EDUCARE CENTRE

We support the South African Government's focus on education, development and the upliftment of children, as this is vital for our collective future. We therefore participate in projects that support the enhancement of educational facilities in our South Africa.

Our initiatives: Employees in the Eastern Cape Region undertook to refresh and refurbish Republic Primary School in Port Elizabeth – making the school a safer, cleaner environment for the children to attend.

Our initiatives: Our staff in the Western Cape chose to financially support Masonwabe under the guidance of Community Chest. In addition, Redefine made a further donation of office equipment, kitchen utilities, baby cots and mattresses and educational toys, as well as sponsoring an educational training programme for staff.

WHAT INTELLECTUAL CAPITAL MEANS TO REDEFINE

In the course of any business, intellectual capital is continuously developed. We believe that by actively identifying what constitutes our intellectual capital and vigorously managing it, we are able to harness and enhance this intangible asset to our advantage.

Our intellectual capital is our organisational, knowledge-based intangible assets, which includes:

- Our systems and processes that enhance the management of our property portfolio
- Our unique, relationship-driven corporate culture, values and ethics
- Our approach to organisational learning and innovation
- Our brand identity and value
- Our ability to leverage off an expert and agile team of property and financial professionals with a combined 149 years of executive management experience

These are all critical to our ability to sustain and grow our business, and, in certain cases, may constitute competitive information.

HIGHLIGHTS

We received several awards for our innovation and excellence **(see page 91 for a list of these achievements)**

RISKS AND OPPORTUNITIES

- Our industry is highly competitive and we protect our intellectual capital carefully to maintain our competitive advantage
- In a rapidly changing world, our ability to stay abreast of trends differentiates us from our competitors
- Our ability to implement our strategy is more important than the strategy itself

CREATING VALUE

In an economy where there is an increasing reliance on intellectual capabilities, Redefine is of the view that the source of our economic value no longer depends only on our "bricks and mortar" income earning asset base, but also on the manner in which we manage and use these assets with a strong focus on our unique approach to relationships.

Using our intellectual capital, we are able to implement our strategy in the most effective and efficient way possible, which in turn translates into increased capital for our organisation and prosperity for our stakeholders.

RELEVANT

MATERIAL MATTERS

Optimising capital efficiency

Solidifying the Redefine brand promise amidst increased competition in the market

Enhancing operational efficiency

Investing strategically

Mitigating skills shortages in the industry

Our intellectual capital, that is, our knowledge-based intangible assets, flows into all aspects of our business, from the way we invest to the way we manage our brand, all areas of the business possess intellectual capital that must be identified, preserved and enhanced in order to operate successfully into the future.

Discovery Building, Sandton, Johannesburg

REFLECTING ON 2015

These were priorities for our 2015 financial year.

THIS IS HOW WE DID:

Actively identifying what constitutes our intellectual capital and vigorously managing it

Intellectual capital, as an intangible asset, is difficult to identify and not easy to quantify. In our conversations around this capital, we continue to shape our thinking on what constitutes our intellectual capital, how we preserve it within our organisation and how we manage it in such a way as to gain maximum benefit for the business and all stakeholders.

Priorities for 2016 and beyond

- Continuing our journey of refining our definition of intellectual capital and actively managing it within our business
- Focusing on developing our customer relationship management system and using this information as a tool for improved decision making throughout the organisation

"OUR CORPORATE CULTURE IS THE HUMAN EXPRESSION OF OUR INTELLECTUAL CAPITAL."

BUILDING INTELLECTUAL CAPITAL

For years Redefine outsourced most of its management and property administration functions, with the company itself largely comprising the board and executive management. Five years ago, we decided on a strategic shift and have since been steadily building our in-house intellectual capital.

We commenced this strategy by ending our outsourced management contracts and directly employing many of the professionals who had previously managed our properties on our behalf. To support the core management function the company brought in leasing specialists, property sector analysts and customer relations experts, while also considerably expanding our marketing and other service departments. In this process, our internal systems and procedures were enhanced.

In 2014 our property management structure was reorganised, with regional management decentralised closer to its property portfolios for more effective hands-on control and communication. During the year the operating structure was further reconfigured to better support this decision. For more information on our structural realignment, please see the human capital section.

WE RECOGNISE THAT:

- Values drive culture
- Culture drives employee satisfaction
- Employee satisfaction drives external stakeholder fulfillment
- Which in turn, drives our ability to generate sustainable shareholder value

The awards mentioned below confirm that we are on track to achieve our vision to be the best South African REIT. While we are encouraged by the recognition received, our commitment to continual innovation challenges us to look for ways to build on these achievements and entrench best practice in every aspect of our business.

EMBEDDING OUR VALUES-DRIVEN CULTURE

Our corporate culture is the human expression of our intellectual capital. It is an organisational ethos that shared knowledge produces intangible value, bolstering competitive advantage and ensuring brand differentiation.

A few years ago, we have embarked on a journey of transforming our corporate culture to support the business principle of redefining relationships. By concerning ourselves with our relationships with our employees and seeking to meet their needs, we believe we are equipping our people to meet the needs of our external stakeholders in a manner that furthers our reputation as a landlord of choice.

A continuing challenge in this regard, however, is the high rate of consolidation and acquisitions in our industry, and Redefine is no exception to these trends. As a result, employees from other property cultures are regularly brought into the company and it is essential that they are quickly and successfully integrated into the Redefine internal culture.

Redefine welcomes the fresh intellectual capital and experience that new employees bring to the company, but ensures that newcomers become closely aligned with our outlook and strategic objectives. This is accomplished through a comprehensive induction programme that is mandatory for new employees, at all levels.

REMAINING RELEVANT IN A CHANGING WORLD

We believe that our ability to innovate and learn gives us agility in the market, and keeps us ahead of the curve. Real organisational learning and innovation is the result of explicit management effort to build intellectual capital in support of Redefine's strategy and our vision of being the best in all we do. We strive to align organisational learning with our current business strategy to ensure that the knowledge being acquired supports today's business as well as our future needs, instead of simply building on historical practices and strengths.

At the beginning of the year we challenged ourselves to find ways to 'be better' in all aspects of what we do. We believe our learning and innovation scorecard reflects some of the highlights of our continuous progress.

Commerce Square, Sandhurst, Johannesburg

OUR LEARNING AND INNOVATION SCORECARD 2015

Our 90 Grayston office development was awarded SAPOA's Innovative Excellence in Property Development Award

For more information on our manufactured capital portfolio, see our manufactured capital section or our online full manufactured capital review. MC

6th

Redefine was ranked sixth in the Top Ten positions in Ernst & Young and Nkonki's Integrated Reporting Awards 2015

For more information on our other stakeholder engagement initiatives, see our social and relationship capital section or our social, ethics and sustainability report. SES

Black River Park was awarded green star ratings under the GBCSA existing building rating, with three of the buildings achieving 6 star ratings (a first in South Africa)

For more information on our green initiatives, see our natural capital section or our social, ethics and sustainability report. SES

Redefine won the International Sponsorship category of the BASA Awards

For more information on our other CSI initiatives, see our social and relationship capital section or our social, ethics and sustainability report. SES

Redefine was recognised as a top employer by an independent global certification company for its 'exceptional' employee offerings and working environment

For more information on our human capital, see our human capital section.

top EMPLOYER SOUTH AFRICA 2016
CERTIFIED EXCELLENCE IN EMPLOYEE CONDITIONS

We received the SACSC Retail Design and Development award for the Best Shopping Centre Development over 20 000m² for Matlosana Mall

For more information on our manufactured capital portfolio, see our manufactured capital section or our online full manufactured capital review. MC

WHAT NATURAL CAPITAL MEANS TO REDEFINE

We understand that nature underpins global wealth creation and that our properties are embedded in the environment. This includes all renewable and non-renewable environmental resources and processes that support current and future prosperity. This is what we refer to as 'natural capital'.

HIGHLIGHTS

- 13% reduction in scope 1 and 2 intensity emissions
- Inclusion in the DJSI
- Redefine participated in the GRESB benchmark survey for the first time
- Best performing REIT in the 2015 CDP
- Roll-out of smart-metering systems to monitor water and electricity consumption

RISKS AND OPPORTUNITIES

Balancing natural capital and financial capital trade-offs, for example, deciding to install backup generators in key buildings made commercial sense to offset the financial loss of load-shedding, however this decision will reduce our natural capital. We are continually pursuing viable means of producing alternative energy to counterbalance the negative environmental effects of such measures.

CREATING VALUE

We realise that the activities associated with the built environment, such as constructing, operating, occupying and demolishing buildings, lead to the depletion of natural capital stocks and produces large quantities of waste.

Being cognisant that the depletion of natural capital results in negative global impacts, and that our business model is heavily dependent on this capital, Redefine believes that it is our moral obligation, and simply sound business practice to ensure that we reduce and mitigate negative impacts on our natural capital stocks.

Our environmental strategy, therefore, focuses on facilitating the reduction of the company's environmental footprint while having a positive effect on asset values and reducing vacancy rates. We also wish to share good practices and influence our delivery partners, retailers and visitors towards more sustainable behaviour. Ultimately, we seek to create a more sustainable operating environment for the benefit of all.

RELEVANT MATERIAL MATTERS

Investing strategically

We believe that the creation of highly innovative, functional and environmentally friendly spaces is fundamental to the sustainability of our business and therefore seek to invest in these properties when economically viable.

Enhancing operational efficiency

In our South African context, rising electricity rates and costs have made tenants increasingly aware of the need to optimise energy use and space. We develop new buildings using green technology and redevelop existing buildings to make them more resource efficient in order to enhance our asset values and reduce vacancies in this cost and resource constrained context.

Ericsson Woodmead, Woodmead, Greater Johannesburg

REFLECTING ON 2015

In our 2014 report, we reported priorities for our 2015 financial year.

THIS IS HOW WE DID:

Reduce scope 1 and 2 intensity emissions by 5%

Redefine's scope 1 and 2 intensity emissions reduced by 13% from 0.0089 tCO_2e in 2014 to 0.0077 tCO_2e in 2015.

Refine sustainability policy

Redefine developed a sustainability strategy and policy that we believe transcends pure compliance, focusing rather on value creation for our stakeholders. The strategy and policy are supported by a comprehensive implementation plan, which outlines priorities, risks, opportunities, targets and action plans. For more information on this policy, please see our social, ethics and sustainability report. SES

Achieve GBCSA silver status

Despite the fact that silver status is no longer offered by the GBCSA, Redefine continues to focus on greening our buildings in line with the green building standards of the GBCSA.

Develop water and waste policy

This was achieved during the year as part of our updated sustainability strategy and policy. Additionally, we began the roll-out of our smart water meters to enable us to better understand our water usage and ascertain where potential efficiency strategies are most needed.

Priorities for 2016 and beyond

- Optimise energy management and efficiency opportunities in our existing buildings to remain competitive
- Continue to roll-out smart electricity and water metering to better manage our usage patterns and unlock potential savings opportunities
- Pursue further GBCSA existing building certifications

OUR PERTINENT NATURAL CAPITAL COMMITMENTS

- To implement globally accepted environmental management systems to help assess our environmental performance and measure our performance against goals and objectives
- To conduct detailed audits and assessments of benchmarks set at our properties to identify steps aimed at minimising their environmental footprints
- To nurture and grow climate change awareness among employees, tenants, suppliers and partners, thus creating a culture of broader environmental awareness
- To set goals for greening buildings and to align this strategy with green building standards such as the GBCSA
- To remain on the cutting edge of renewable energy developments and other green alternatives appropriate to our buildings, and to invest in these alternatives when economically viable

GROWING GREEN BUILDINGS

In the South African context, rising electricity and rates costs have made tenants increasingly aware of the need to optimise energy use and space in a quality environment. In light of this, green design, that is, the use of resource-efficient methods to reduce the total operating costs throughout the life of a building, has become increasingly popular, to the point whereby few (if any) premium-grade buildings are developed without seeking a benchmark green rating.

We believe that innovative, well-located, healthy, functional, and environmentally friendly working and living spaces are fundamental to our business in future. Redefine's strategy for new buildings therefore incorporates sustainable building techniques in the design, implementation, and operation of these assets.

We registered in 2013 and continue as a member of the GBCSA. We are committed to building new developments to a minimum Green Star Rating level 4, as certified through the GBCSA. We are also assisting in piloting the GBCSA's new industrial existing building refurbishment rating tool.

Redefine is committed to constructing all new developments to a minimum green star rating level 4. Redefine completed 90 Grayston in 2014 and 90 Rivonia and Rosebank Towers is currently under construction.

Redefine pioneers a green star South Africa custom industrial rating tool

For several years the commercial property industry has been able to attain green star certification. However, this has not been the case for industrial property in South Africa. To address this challenge, in conjunction with the GBCSA, Redefine has been developing a green star SA custom industrial rating tool for industrial developments. The new rating tool will address demand from this sector in South Africa and allow objective measurement of industrial developments according to their level of sustainability. Industrial developments and buildings will be certified as 4, 5 or 6 green star depending on their target criteria.

Our Golf Air Park development project in Cape Town, to be commenced in January 2016, has been registered with the GBCSA for certification using the new pilot rating tool and will be the first industrial development in South Africa to be rated in this way.

Golf Air Park, Cape Town

"ENHANCING OUR EXISTING PROPERTIES CONTINUES TO BE A MAJOR SUSTAINABILITY FOCUS."

GREENING OUR BUILDINGS

Enhancing our existing properties continues to be a major sustainability focus to ensure that these properties remain attractive and functional environments for our tenants. Redefine intends upskilling the employees to be tasked with optimising key assets.

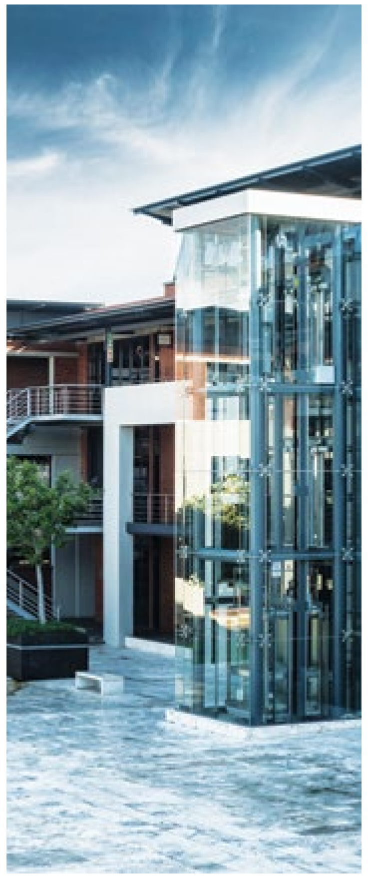
As is the case in first-world markets, filling vacancies in our property portfolio will likely become increasingly dependent on providing energy-efficient and sustainably configured premises. The recent introduction of green existing building tools in South Africa is set to be a market differentiator in this aspect of asset management.

Kenilworth centre: common area lighting upgrade

Kenilworth Shopping Mall has been in operation for over 30 years and servicing clients with over a 100 stores from the largest retail chains in South Africa.

After having undertaken a detailed energy management assessment, we decided to embark on a major lighting upgrade of the common areas as well as parts of the parking structure.

Implementing this lighting upgrade saved Redefine approximately R542 000 in annual electricity costs, and the upgrade has also served to enhance the ambiance and aesthetics of the mall as a whole. The components will also last longer and require far less maintenance.



Black River Park in Cape Town: Investing in the future

Black River Park precinct in Observatory, acquired as part of the Leaf acquisition, has earned unmatched green building credentials. During 2015 Black River became the first full office park to have all of its buildings Green Star South African rated. North Park in Black River Park was the first building in the country to be awarded an existing building certification from the GBCSA, using the newly launched Green Star South African EBP pilot tool. Black River is also home to the first buildings to receive a 6-star Green Star South African Existing Building Performance rating.

The Green Star South African EBP tool assesses the environmental performance of buildings that have already been built and are currently in operation. The tool means that South Africa's existing buildings can now be retrofitted with green innovations and certified. In the current context, this tool serves as a means of encouraging an already existing positive trend towards better business practices with regard to valuable natural capital.

Some of the stand-out green initiatives undertaken by the Black River Park precinct to secure its ratings include:

- One of the largest rooftop PV system in Southern Africa, which feeds electricity back into the grid
- Use of natural lighting as far as possible with the inclusion balcony overhangs, to reduce heat and shield harsh sunlight
- All lights in common areas replaced with LEDs, with owners and tenants both benefiting from cost savings achieved as a result
- All waste produced by the park sorted into recyclable and non-recyclable materials. Harmful waste such as fluorescent tubing, batteries and e-waste is correctly disposed of while garden waste is recycled and reused in the park as mulch
- Ecological gardens including a vegetable garden and fruit orchard, which are maintained with borehole water pumped on site

BEING ENERGY WISE

Redefine is continually refining its energy strategy in line with best practice and business requirements. We remain dedicated to reducing electricity waste while serving our tenants needs to the best of our ability.

STANDBY POWER

Events relating to the security and stability of the South African electricity supply prompted Redefine to investigate solutions to potentially provide tenants with standby power in the event of load-shedding, or other intermittent supply interruptions, at a reasonable cost. According to the Department of Planning, Monitoring and Evaluation, the estimated cost of load-shedding is around R9 to R15 per kWh. By offering a solution at around half this cost, Redefine limits revenue loss to tenants and provides a full backup service enabling the property to run normally during supply interruptions.

However, the introduction of this solution comes at a price to the environment, as emissions from diesel generators will increase Redefine's carbon footprint. While we see the roll-out of our backup generators to be an immediate solution to a long-term problem, we continue to investigate and implement renewable energy projects that assist in lowering our impact on our valuable natural capital.

RENEWABLE ENERGY

The energy crisis and the rising cost of electricity are financial drivers promoting investment into sources of renewable energy. It is estimated that electricity prices will increase in excess of 12% per annum going forward. As a consequence, the payback periods for renewable energy projects will be reduced.

A rooftop PV power station is one such project, comprising solar panels mounted on the rooftop of a building to generate electricity. To date, rooftop PV system investments have been made at The Boulders and Shoprite Alberton. The roll-out of solar PV investments to a further four retail centres is planned. It is anticipated that these plants could produce a combined kilowatt peak (peak power) of circa 4 375 and reduce electricity consumption by approximately 30% at each site. Initial year returns of 10% are anticipated.

Solar PV investments have also been made at 90 Rivonia Road and at Redefine's 4-star green building at 90 Grayston Drive. Black River Park is looking to expand its plant size by a further 29%. These plants will produce a kilowatt peak (peak power) of circa 1 709.

Detailed rooftop solar PV feasibility assessments were also conducted at 11 existing properties with the following projects identified for potential roll-out. Redefine is currently considering five of these projects for roll-out in the 2016 financial year.

13 retail centres

↓

Standby power supply capacity

=

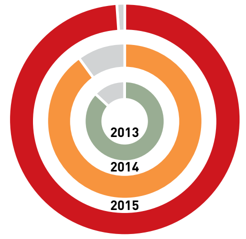
62 600kVA

"THE PAYBACK PERIODS FOR RENEWABLE ENERGY PROJECTS WILL BE REDUCED."

Potential solar PV projects

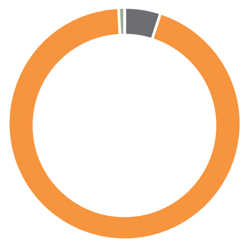
3 861	R61 million	6.5 million	10.2%
Combined plant size	Project cost	kWh savings	% return

REDEFINE CDP SCORE (%)



2015		
Disclosure	99	
Performance	B	
2014		
Disclosure	90	
Performance	A	
2013		
Disclosure	87	
Performance	D	

TOTAL EMISSIONS (Tonnes CO_2e)



2015	
• Scope 1	980
• Scope 2	32 696
• Scope 3	604 510
• Non-kyoto gases	4 490

HOLDING OURSELVES ACCOUNTABLE

We want to keep ourselves accountable to the promises of progress that we make and use various means of measuring progress, including the participation in a number of international indices:

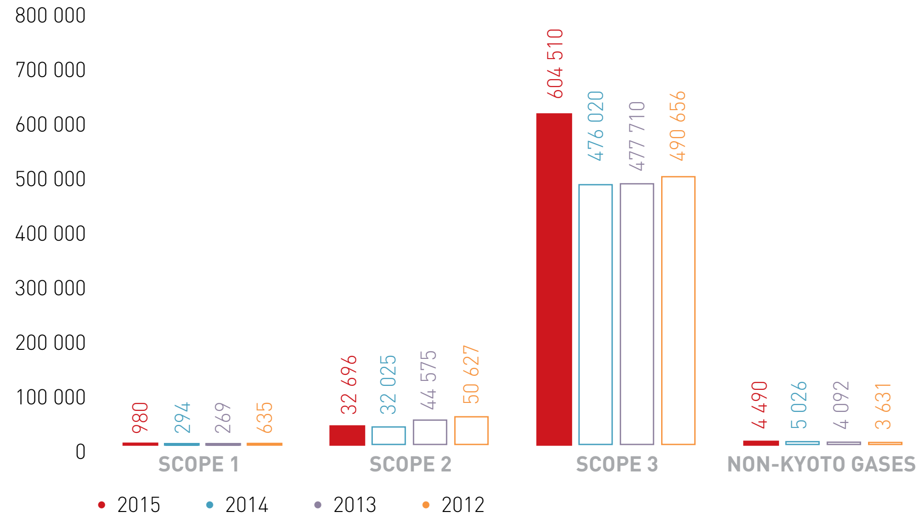
UNDERSTANDING OUR CARBON FOOTPRINT

The operational boundaries of Redefine's carbon footprint assessment include scope 1 direct emissions (refrigerant gases, mobile and stationary combustion), scope 2 indirect emissions (electricity consumption) and scope 3 indirect emissions (electricity sold to tenants, business travel, travel reimbursements and employee commute).

Carbon Disclosure Project

In 2015, Redefine received a disclosure score of 99, (performance band B) (2014:90 (performance band A)) and, was the best performing South African REIT.

CARBON FOOTPRINT
(Tonnes CO_2e)



Black River Park, Observatory, Cape Town


Boulevard Office Park, Woodstock, Cape Town

regulate

Section 4: Governance and remuneration

Our approach to governance and remuneration is about engendering a culture of accountability and acting fairly through living Redefine's values.

REDEFINE PROPERTIES

We're not landlords. We're people.

SUMMARISED CORPORATE GOVERNANCE REPORT

Bernie Nacken
Lead independent director

It gives me great pleasure to present our summarised corporate governance report. As we continue to strive for concise and relevant reporting, our integrated report continues to evolve.

This year we have elected to present a summarised corporate governance report to our stakeholders. Our full corporate governance report and the associated King III checklist are available online at www.redefine.co.za and I encourage our stakeholders to read this summary and the associated King III checklist in conjunction with the full report to fully appreciate the governance structures in place.

CORPORATE GOVERNANCE AS A TOOL TO PRESERVE VALUE

At Redefine, we believe that excellent corporate governance is a tool to create and preserve value for the group and its stakeholders and as a board, we are committed to the values of good corporate governance as contained in King III. The board endorses and accepts responsibility for achieving the four values underpinning good governance as advocated by King III, namely: fairness, responsibility, transparency and accountability.

The board and its committees regularly review our governance structures and processes to ensure that the board exercises effective and ethical leadership, conducts its affairs as a good corporate citizen and takes decisions to ensure sustainability. Redefine is committed to achieving high standards of business integrity and ethics.

SEPARATION OF RESPONSIBILITY

While we remain committed to the principles of King III, in contradiction to King III recommended practice, our chairman is an executive director. King III, however, adopts a 'comply or explain' approach whereby entities are called to explain if and why they differ from the King III recommendations. Redefine has chosen to deviate from the recommendation as we believe it to be in the best interests of the group. In order to preserve the board's independence however, while ensuring that the right experience and skills are selected for the board, we have clarified the roles and responsibilities of the executive chairman, the CEO and myself, as lead independent director.

The executive chairman, Marc Wainer, leads the board and is responsible for its effectiveness and integrity while facilitating constructive relations between executive and non-executive directors. In my role as lead independent director, I provide leadership and advice to the board when the chairman has a conflict of interest without detracting from or undermining his authority. The CEO, Andrew König, is responsible for the day-to-day operations of the group. I believe that these clear roles ensure that responsibility is clearly delegated and that the working relationships remain positive.

APPOINTMENTS TO THE BOARD, RETIREMENT BY ROTATION AND RE-ELECTION OF DIRECTORS

The appointment of new directors is approved by the board on the recommendation of the nomination committee. The selection process is conducted under the guidance of an approved policy and involves considering the existing balance of skills and experience of the directors and an assessment of the needs of the company.

The following changes to the directorate took place during the year:

- L Kok was appointed on 1 October 2014
- P Langeni was appointed on 6 May 2015
- M Barkhuysen and N Langa-Royds were appointed on 4 November 2015

The company's Memorandum of Incorporation requires new directors to be subject to an election at the first annual general meeting following their appointment. One third of the non-executive directors are also subject to retirement by rotation and re-election by shareholders at least once every three years and those who have reached the age of 70 years or older retire at every annual general meeting and are submitted for re-election if eligible.

In November 2015, the nomination committee considered the candidates standing for election and/or re-election at the annual general meeting in February 2016. The committee recommends to shareholders the re-election of H Mehta, B Nackan and G Steffens, and the election of M Barkhuysen, N Langa-Royds and P Langeni, as detailed in the notice of annual general meeting.

APPRECIATION

I would like to thank my fellow board members for their commitment and support during the year. On behalf of the board, I extend our gratitude to our management and the entire Redefine team for their efforts during the year. Finally, we extend our appreciation to our shareholders for their continued support of Redefine. We look forward to another successful year in 2016.

Bernie Nackan
Lead independent non-executive director

"THE BOARD SUBSCRIBES TO THE HIGHEST LEVELS OF INTEGRITY IN CONDUCTING THE COMPANY'S BUSINESS AND IN DEALING WITH STAKEHOLDERS."

STATEMENT OF COMMITMENT

Redefine's board of directors is committed to maintaining the corporate governance standards recommended in King III and continues to enhance and align policies, systems and procedures that embed sound corporate governance principles and ethical standards throughout the business.

These principles and standards guide directors and management with regards to the delivery of sustainable growth for the benefit of all stakeholders.

The board further subscribes to full compliance with the JSE Listings Requirements, the Companies Act and other applicable laws and regulations in those jurisdictions within which the company operates.

APPLICATION OF THE KING III PRINCIPLES

Management confirm that a detailed review of all King III principles has been concluded. The results of the review have been summarised in a checklist, and are published on the company's website in accordance with the JSE Listings Requirements. To the extent that any of the principles have not been fully applied or may only be partially applied, reasons therefore have been provided.

ETHICAL LEADERSHIP

Ethical leadership is fundamental to Redefine and the board subscribes to the highest levels of integrity in conducting the company's business and in dealing with stakeholders. The board has approved a formal Code of Business Conduct that is central to the growth and sustainability of the company and is designed to entrench a culture of intolerance towards unethical conduct, fraud and corruption.

This Code of Business Conduct addresses Redefine's responsibilities to customers, suppliers, shareholders, employees, authorities and the general public. It includes a whistle-blowing policy that offers several avenues for reporting unethical conduct.

GOVERNANCE STRUCTURE

The board is led by the executive chairman who has agreed on a workplan to ensure that all key matters reserved for the consideration of the board are covered in the annual cycle of meetings. In addition to regular agenda items, consideration is given to matters that may impact Redefine's operations from the wider economic and/or business environment.

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

This year, we are presenting our integrated report as a more concise communication to stakeholders, and have summarised our corporate governance information. For a more detailed review of Redefine's corporate governance, see our corporate governance report. CGR

COMPOSITION, MEETING SCHEDULE AND ATTENDANCE

BOARD MEETINGS

The board meets at least four times a year and additional meetings are arranged as and when circumstances dictate. Each meeting is conducted in accordance with a formal and structured agenda and board papers are circulated timeously to ensure that directors are well informed and that debate and decisions are constructive and robust.

BOARD STRATEGY SESSION

The board meets with management annually to debate and agree on the strategy for the forthcoming financial year and to consider economic and industry related issues facing the company. In addition to this annual strategy session and in an effort to improve strategic dialogue, a mid-term board strategy review process has been proposed in order to review progress made against previously approved strategic initiatives.

Members	Board members since	Meeting attendance
M Wainer (Executive chairman)	1999	4/4
B Nackan (Lead independent director)	2009	4/4
A König (Chief executive officer)	2011	4/4
D Rice (Chief operating officer)	2009	4/4
L Kok (Financial director)	2014	4/4
M Ruttell (Executive director: development)	2013	4/4
M Barkhuysen * (Independent non-executive director)	2015	
N Langa-Royds * (Independent non-executive director)	2015	
P Langeni ** (Independent non-executive director)	2015	2/2
H Mehta (Non-executive director)	2009	3/4
D Nathan (Independent non-executive director)	2014	4/4
G Steffens (Independent non-executive director)	2013	4/4
M Watters (Non-executive director)	2014	4/4

* Appointed to the board on 4 November 2015
** Appointed to the board on 6 May 2015

Brief profiles of the company's current board of directors are set out on pages 32 and 33 of the integrated report.

ROLES AND RESPONSIBILITIES

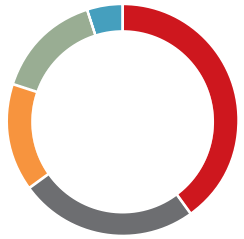
- Ensuring full and effective control of the company
- Reviewing and approving the objectives and strategic direction of the company
- Providing oversight of the company's operations, including the integrity of financial performance, controls and compliance
- Reflecting on possible material acquisitions and disposals and major capital expenditure
- Providing oversight and reviewing of risk and reward structures
- Setting the company's values, governance and ethical standards
- Ensuring effective stakeholder engagement and communications
- Providing oversight and granting approval of the implementation of key company policies

THE BOARD OF DIRECTORS

DURING THE YEAR THE BOARD FOCUSED ON:

Informing and approving the company's strategy for the forthcoming financial year	**Providing oversight** of performance against targets and objectives	**Assessing the company** as a going concern
Approving the annual and interim financial statements	**Overseeing key performance** and risk areas	**Ensuring the implementation** of appropriate remuneration policies and practices
Overseeing director selection and evaluation	**Ensuring balanced and understandable** communication with stakeholders	**Ensuring** that the company played its role as a responsible corporate citizen

HOW THE BOARD SPENT ITS TIME (%)



	%
Financial performance	40
Operational performance	25
Governance and risk management	15
Strategy formulation and monitoring	15
Other	5

Board focus for 2016

While the board will continue to operate within its mandate as outlined in the board charter and ensure that the meetings address all regular matters reserved for its consideration, the following additional key activities are expected to require the board's attention during 2016:

- **FOCUS ON** board succession planning
- **SUPPORT MANAGEMENT** in the implementation of the agreed company strategy
- **MAINTAIN A FOCUS** on key strategic risks and the mitigation thereof
- **KEEP ABREAST** of regulatory developments, further enhance governance standards, monitor and ensure compliance with relevant laws and regulations
- **MAINTAIN A HIGH STANDARD** of reporting and disclosure

ANNUAL PERFORMANCE EVALUATION

The nominations committee is responsible for annually assessing the performance and effectiveness of the board, board committees, chairman and individual directors. The assessments are confidential and cover a variety of subjects. The outcomes are presented to the board as a whole and any concerns are appropriately managed.

During the year under review, the evaluation process was again conducted online via an internationally recognised online software package called "Thinking board". The results of the assessment indicated that the board, board committees and individual directors were performing their duties and carrying out their responsibilities effectively. The nomination committee were similarly satisfied with the leadership skills, experience and expertise of the chairman as well as his contribution to the promotion of the company's corporate culture.

SUMMARISED CORPORATE GOVERNANCE REPORT CONTINUED

COMPOSITION AND INDEPENDENCE OF THE BOARD

Redefine has an integrated board, consisting of executive and non-executive directors. To promote the protection of shareholders' interests and to reduce the possibility of conflicts of interest, the majority of the directors are classified as independent non-executive directors in terms of the Companies Act and as defined by King III. In addition, the board's independence from the daily executive management team is ensured by adhering to the following principles:

- As the chairman is an executive director, a lead independent director, B Nackan, has been appointed to provide guidance to the board should a situation arise where the impartiality of the chairman is impaired or in the event that there is a perceived conflict of interest
- The roles and duties of the executive chairman and the CEO are separate and clearly defined to ensure a balance of authority and power, with no individual having unrestricted decision-making powers
- Non-executive directors do not hold service contracts with the company and their remuneration is not linked to the company's financial performance
- All directors have access to the advice and services of the company secretary and are entitled to seek independent professional advice, at the cost of the company, for the proper execution of their duties and responsibilities. No director felt it necessary to seek such advice during the 2015 financial year

We continue to build diversity within our board across academic qualifications, industry knowledge and experience, race and gender. This diversity enables the board to provide the relevant collective judgment required when conducting and determining the affairs of the company. During the year, the board confirmed its satisfaction with the composition of the board.

INDUCTION AND TRAINING

An induction programme has been developed for new directors to ensure that they are adequately briefed and have the requisite knowledge of the company and its operations. The induction further outlines the director's fiduciary and statutory duties and provides guidance on all legal and governance obligations. The company secretary is responsible for the administration of the induction programme.

Directors receive informative updates and training throughout their tenure which assist in keeping directors abreast of economic, regulatory and industry trends.

BOARD COMMITTEES

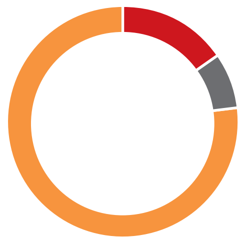
The roles, responsibilities and composition of each of the board committees are described on the pages that follow. The responsibilities delegated to these committees are formally documented in the terms of reference for each committee, which have been approved by the board and are updated annually. After each committee meeting, the relevant committee chairs report back to the board, which facilitates transparent communication between directors and ensures that all aspects of the board's mandate are addressed.

The board is satisfied that the committees are appropriately structured and competent to deal with the company's existing and emerging issues and that they have effectively discharged their duties during the year under review.

BALANCE

Non-executive directors	2
Executive directors	5
Independent non-executive directors	6

TRANSFORMATION



Black female	2
Black male	1
White male	10

TENURE (Years)

<3 years	8
4-7 years	4
>8 years	1

AUDIT AND RISK COMMITTEE

Meeting schedule and attendance

During the 2015 financial year, the committee met on four occasions. Meetings are planned in line with the group's financial reporting cycle.

Composition

Members throughout the year	Committee members since	Meeting attendance
D Nathan (chairman)	17 March 2014	4/4
B Nackan	28 October 2009	4/4
G Steffens	31 July 2014	4/4

HOW THE COMMITTEE SPENT ITS TIME (%)

Financial reporting	40
Risk management and internal controls	20
Internal audit matters	15
External audit matters	15
Governance and other	10

Roles and responsibilities

- Financial and integrated reporting
- Risk management and internal controls
- Internal audit matters
- External audit matters
- Governance and regulatory compliance

Committee focus for 2016

While the committee will continue to operate within its terms of reference and ensure that the meetings address all regular matters reserved for its consideration, the following additional key activities are expected to require the committee's attention during 2016:

- IT Governance and cyber security
- Risk management and internal control
- Combined assurance

SOCIAL AND ETHICS COMMITTEE

Meeting schedule and attendance

During the 2015 financial year, the committee met on four occasions.

Composition

Members throughout the year	Committee members since	Meeting attendance
D Nathan (chairman)	1 August 2014	4/4
L Kok	1 October 2014	4/4
M Ruttell	1 October 2014	4/4

HOW THE COMMITTEE SPENT ITS TIME (%)

Sustainability	20
Transformation	20
Stakeholder engagement	20
Good corporate citizenship	15
Ethical conduct	10
Social and economic development	10
Other	5

Roles and responsibilities

- Sustainability
- Transformation
- Stakeholder engagement
- Good corporate citizenship
- Ethical conduct
- Social and economic development

Committee focus for 2016

While the committee will continue to operate within its terms of reference and ensure that the meetings address all regular matters reserved for its consideration, the following additional key activities are expected to require the committee's attention during 2016:

- Stakeholder Engagement
- BBBEE
- Sustainability – "Going Green"
- Gender diversity
- Education

NOMINATION COMMITTEE

Meeting schedule and attendance

During the 2015 financial year, the committee met on four occasions

Composition

Members throughout the year	Committee members since	Meeting attendance
B Nackan (chairman)	12 November 2009	4/4
H Mehta	17 July 2013	2/4
G Steffens	31 July 2014	4/4

HOW THE COMMITTEE SPENT ITS TIME (%)

Board and committee composition	30
Succession planning	20
Board evaluation	20
Induction, training, recruitment, retention and termination policies	15
Corporate governance	10
Other	5

Roles and responsibilities

- Board and committee composition
- Succession planning
- Board evaluation
- Induction, training, recruitment, retention and termination policies
- Corporate governance

Committee focus for 2016

While the committee will continue to operate within its terms of reference and ensure that its meetings address all regular matters reserved for its consideration, the following key activities will require the committee's ongoing attention during 2016:

- Succession planning
- Appropriate composition of the board and board committees
- Diversity and transformation
- Review of the board evaluation process

REMUNERATION COMMITTEE

Meeting schedule and attendance

During the 2015 financial year, the committee met on four occasions.

Composition

Members throughout the year	Committee members since	Meeting attendance
G Steffens (chairman)	31 July 2014	4/4
H Mehta	17 July 2013	2/4
B Nackan	12 November 2009	4/4

HOW THE COMMITTEE SPENT ITS TIME (%)

Remuneration strategy and policies	20
Benchmarking methodology and remuneration trends	20
Incentive and retention schemes	20
Corporate governance	5
Remuneration report	10
Executive director performance	10
Non-executive director fees	5
Employee benefits	5
Other	5

Roles and responsibilities

- Remuneration strategy and policies
- Benchmarking of remuneration
- Share options and other employee benefits
- Recommendation of non-executive director fees

Committee focus for 2016

While the committee will continue to operate within its terms of reference and ensure that the meetings address all regular matters reserved for its consideration, the following additional key activities are expected to require the committee's attention during 2016:

- The introduction of a minimum shareholding requirement for executive directors
- Review of short and long term performance conditions
- On-going stakeholder engagement

The remuneration committee's full report on director's remuneration, remuneration policies and practices is set out in the remuneration report.

INVESTMENT COMMITTEE

The investment committee comprises a mixture of executive and non-executive directors and meets as and when necessary to consider investment opportunities in respect of both properties and listed securities, in line with the company's investment strategy and targets. During the 2015 financial year, the committee met on four occasions.

Committee activities

During the year, the committee:

- Approved proposals for the development, acquisition and sale of properties within mandated levels
- Approved strategic investments within mandated levels
- Reviewed market valuations by external valuers
- Reviewed the performance of the property portfolio
- Made recommendations to the board for approval in terms of matters outside of their mandate authority

EXECUTIVE COMMITTEE

The executive committee is empowered and responsible for implementing the strategies approved by the board and for managing the affairs of the company. The committee is chaired by the CEO and comprises the FD, COO and the executive director of development. Executive committee members are appointed by the CEO after consultation with the board of directors.

The committee meets weekly and deliberates, takes decisions and/or makes recommendations on all matters relating to the company's strategy and day-to-day operations within its mandate. The mandate is set by the board of directors and where appropriate decisions and/or recommendations are referred to the board or relevant board committee for final approval.

Committee activities

During the year, the committee:

- Executed and maintained the board approved company strategy
- Made recommendations and took decisions on matters affecting the company's strategy and operations
- Gave direction on day-to-day business activities
- Monitored markets and competitors in order to identify industry related trends
- Defined, configured and structured the company's portfolio of assets
- Approved operating plans and budgets for each of the company's divisions
- Measured and monitored divisional performance
- Managed capital requirements
- Ensured adequate levels of risk management, controls, governance and compliance
- Approved proposals for the development, acquisition and disposal of properties within mandated levels

REVIEW OF EXPERIENCE

FINANCIAL DIRECTOR

In accordance with the JSE Listings Requirements, the audit and risk committee has considered and satisfied itself that L Kok, financial director, has appropriate expertise and experience to meet the responsibilities of his appointed position. The committee has also considered and satisfied itself of the appropriateness of the expertise and adequacy of resources of the finance function.

COMPANY SECRETARIAL FUNCTION

Following an extensive interview process, B Baker was appointed to the role of company secretary with effect from 1 August 2015. The board is satisfied that she is competent and suitably qualified for the role and that she will maintain an arm's length relationship with the board. An extensive evaluation of the company secretary will be carried out in FY2016. The company secretary is required to provide the directors of the company with guidance on their duties, responsibilities and powers. She is also required to ensure that all directors are aware of legislation relevant to, or affecting, the company and to report at any meetings of the shareholders of the company, any failure to comply with such legislation. The company secretary's certificate is set out in the annual financial statements. AFS

IT GOVERNANCE

The board is responsible for the governance of ICT risk, which it oversees through the audit and risk committee. The company has accordingly established an ICT steering committee that reports back to the audit and risk committee. This committee comprises executive directors, certain heads of departments and dedicated ICT personnel and is responsible for the ICT governance framework, which is supported by comprehensive ICT policies. The company's ICT strategy has been aligned to its goals and objectives. Internal audits are performed periodically by experienced and independent personnel, with further audits performed by qualified external auditors. The internal audit team does not participate in the planning, implementation or review of any ICT activities and have neither reporting lines nor incentives related to the performance of the ICT activities and are therefore deemed to be independent. Redefine's ICT structure is periodically audited against the international standards of control objectives for information and related technology.

REMUNERATION REPORT

I am pleased to present our remuneration report for the 2015 financial year.

One of the key objectives in this report is to describe how Redefine's performance translated into the remuneration agenda for the year, and to contrast this against the prevailing macro-economic environment. Our remuneration policy has numerous other objectives – to act as a means for holding executives accountable; to demonstrate the independence of the remuneration committee (Remco) from executive management; to show sensitivity to the wage gap; to measure the performance of the executive team and to reward value delivered.

This report sets out Redefine's remuneration policy (part 1) followed by the implementation thereof (part 2).

The non-binding advisory vote on the remuneration policy as contained in the 2014 integrated report was approved by a majority of shareholders (77.06%) voting at the 2015 annual general meeting. Senior management and Remco have canvassed investor and analyst opinions on the policy, which has informed the remuneration agenda over the course of the year, details of which are set out in part 1.

The company is a recognised leader in integrated reporting and disclosure of remuneration in this report is designed to be transparent and straightforward, with clear links made between the company's strategy and our remuneration policy.

As a stakeholder, your views and expectations are important to us. We understand and recognise that strong shareholder engagement strengthens the relationship between the board and shareholders, helping to ensure the effectiveness of the board and the alignment of all stakeholder interests.

During the previous year we revised the LTI vesting levels (outlined in the 2014 Remuneration Report) which took effect in the 2015 financial year.

During the year under review, our engagement with stakeholders, analysts and commentators has dealt with a broad array of issues and perceptions. A number of key decisions were actioned as outlined on page 109 specifically addressing performance targets which have been reviewed in line with best practices to be appropriate and stretching.

Günter Steffens
Chairman of the Remuneration Committee

In the coming year a minimum shareholding policy for executive directors will be implemented as described in part 1 of this report. Several stakeholders raised issues regarding the performance criteria applicable to executive management in relation to short- and long- term incentive plans. We undertake to review the performance criteria for short term incentives in 2016 so that they are aligned to short term deliverables and are differentiated from long-term incentives and outcomes.

You will once again have the opportunity to vote on remuneration affairs at the 2016 annual general meeting on the following aspects of this report:

- A non-binding advisory vote on part 1 of this report
- The recommended fees for non-executive directors set out in part 2

Remco recommended this remuneration report to the board on 4 November 2015 and it was endorsed by the board.

PART 1: THE REMUNERATION POLICY

REMUNERATION GOVERNANCE

Remco operates independently from executive management. It acts as an overseer and makes recommendations on remuneration decisions to the board for its consideration and final approval. Remco is governed by its terms of reference, which are reviewed and amended as and when required and approved by the board. In summary, the role and duties of the Remco are to:

- Oversee the formulation, review and approval by the board of the remuneration policy for all employees that promotes the achievement of the company's strategic goals
- Specifically, assist the board in ensuring that the directors and prescribed officers are fairly and responsibly remunerated and that remuneration is disclosed in an accurate, complete and transparent manner
- Regularly monitor the remuneration practices and outcomes to ensure that they are in line with the remuneration philosophy and policy
- Ensure that the remuneration policy is put to a non-binding advisory vote at the AGM
- Satisfy itself as to the accuracy of achieved performance against the performance targets that govern the vesting of incentives
- Ensure that all employee benefits, including retirement benefits and medical aid arrangements, are justified and correctly valued
- Consider the results of the evaluation of the performance of the CEO, executive directors and prescribed officers, both as directors and as executives in determining remuneration
- Select appropriate comparator companies when comparing remuneration levels to the market
- Regularly review incentive schemes presented by management to ensure continued contribution to long-term shareholder value creation and that they are administered in terms of the rules
- Consider the appropriateness of any early vesting of share-based schemes at the end of employment
- Advise on the fees of non-executive directors
- Oversee the preparation and recommendation to the board of the remuneration report, which achieves the following:
  - accurate, complete and transparent disclosure of the policy and its implementation
  - provide a clear explanation of how the remuneration policy has been implemented
  - ensures compliance with King III principles or provides the rationale behind any principles not applied. Where the principles are not applied by the company, the Remco should review the rationale provided by the company and assess whether it is acceptable
  - provide sufficient information for the shareholders to pass a special resolution in terms of section 66(9) of the Companies Act, 2008 with regard to non-executive directors' fees

THE MEMBERS OF THE COMMITTEE ARE:

- G Steffens (chairman)
- B Nackan
- H Mehta

THE INVITEES TO THE COMMITTEE MEETINGS IN THE 2015 FINANCIAL YEAR WERE:

- M Wainer
  Executive chairman
- A König
  Chief executive officer
- L Kok
  Financial director
- D Rice
  Chief operating officer
- R Coetzee
  Head of human resources
- The independent remuneration advisor is invited from time to time to attend Remco meetings where relevant

Invitees to Remco meetings have no vote and are not present when their own remuneration is discussed.

In line with the recommendations of King III, the majority of the members of the Remco are independent non-executive directors. The Remco members do not decide on their own remuneration; instead they request that executive management propose their fees, and fee structure (through independent advice and benchmarking, if required). Subsequently, this is tabled before the board for recommendation to shareholders for approval by special resolution.

Remco met four times during the financial period ending 31 August 2015. A schedule of their meeting attendance is provided in the table on page 106 of the integrated report.

The Remco chairman reports to the board after each committee meeting and attends the AGM to respond to any questions from shareholders on the Remco's areas of responsibility.

2015 KEY REMCO ACTIONS AND DECISIONS

During 2015, the key Remco actions and decisions taken were as follows:

- Reviewed the terms of reference and recommended to the board for approval
- Reviewed the remuneration policy and strategy and recommended to the board for approval
- 2015 LTI schemes awards to all eligible employees and approval of vesting of awards
- Expanded the total remuneration comparator group; more detail is contained in part 2 of the report
- Reviewed executive directors' total remuneration with assistance from PwC
- Conducted a benchmarking study for non-executive directors fees (with assistance from the executive team and external advisors) against the market to inform non-executive director fee proposals for the 2016 financial year
- LTI and STI vesting levels were revised
- Reviewed remuneration benchmarking and approved overall annual salary increases for all levels against the market
- Reviewed and approved the 2015 remuneration report for inclusion in the integrated report
- Remco undertook an analysis of major shareholders' known voting policies, records, shareholder priorities and issues

WHAT WE'VE PLANNED FOR 2016

During the 2016 financial year, we aim to review the performance criteria for the short-term incentive scheme.

Until now, the short- and long- term performance conditions have been the same. This is not in line with best practice and Remco is reviewing both short- and long- term performance conditions to ensure indicators and measurement of both short- and long- term performance are relevant and support the achievement of short- and long- term objectives.

Increase the maximum payment under the STI scheme for executive directors and introduced the deferral of 50% thereof in RSS vesting over three years at the end of each year following the award.

Introduce a MSR for executive directors consistent with emerging trends. Remco supports this policy change as it will serve to increase the alignment of interests between management and shareholders. The anticipated minimum shareholding will be applicable to the executive chairman, CEO, COO, FD and ED at a level of TGP between 100% and 200%. Only vested shares will be taken into account when accessing compliance with the MSR. As this is a long-term requirement, it will be phased in over five years from the inception of the MSR policy or the appointment of the executive.

Expand the variable pay comparator group for LTI performance benchmarking purposes, giving consideration to companies that are similar to Redefine in terms of sector and market capitalisation.

Remco will continue to engage with shareholders on the remuneration policy and address any relevant matters. Management and Remco are committed to maintaining regular, transparent and informative dialogue with analysts and shareholders, aimed at building relationships based on trust and mutual understanding. As an ongoing commitment, the Remco will review the company's remuneration policy to ensure that interests are aligned to create long-term value for the company and its shareholders and incentivises those employees who play a key role in implementing the company's strategy and achieving our goals.

THE REMUNERATION PHILOSOPHY

Redefine believes that appropriately designed fair and market related remuneration will drive and retain high-calibre executives who contribute positively to the company's strategic objectives. Remuneration must be designed to support the company's employment philosophy of attracting self-starting, high-calibre, skilled employees who subscribe to the values and the company's culture of enterprise and innovation. A motivated and skilled management team is recognised as being integral to the achievement of corporate objectives and accordingly members of the team are remunerated for the contribution that they make.

Remuneration is not a standalone management process, but rather is integrated into other management processes that are aligned to achieving the company's strategic objectives. The strategic principles included in the remuneration policy are aligned to the broader human resources strategy, which in itself supports the overall business strategy.

To reinforce our culture of enterprise and innovation, the targeted remuneration mix offered to key talent is deliberately weighted more heavily towards variable pay (short- and long- term incentives) that is linked to the achievement of predetermined performance criteria. The performance criteria are selected and aligned to the company's strategic objectives and the targets are set at levels that avoid excessive risk-taking behaviour by executives. Financial rewards are complemented with non-financial rewards such as career growth and opportunity for individual training and development.

The desired outcomes from the company's remuneration policy include:

- Enhanced internal fairness through consistent remuneration decision-making
- Appropriate and responsible remuneration decisions
- Enhanced employer of choice profile
- Alignment with our desired corporate culture

REMUNERATION STRUCTURE AND DESIGN

The table below summarises the composition of total remuneration offered to all employees, except the long-term incentive component, which applies only to executive directors and other key employees by invitation.

Components	Fixed/ variable	Purpose	Performance period and measures	Operation and delivery
Total guaranteed package	Fixed	Core element that reflects market value of role with increases linked to company and individual performance.	Reviewed annually in September based on performance against predetermined performance criteria, consumer price inflation, affordability and market surveys.	Increases are effective on 1 September each year. Benchmarked against national and industry comparator companies. Positioned on average between the 50th and the 75th percentile.
Changes in the year: Interim adjustments to executive remuneration based on total remuneration benchmarking exercise. Expanded the total remuneration comparator group as stated in part 2.				
Benefits (included in TGP)	Fixed	Provident fund, death and disability cover and medical aid. Benefits paid by the company: Income continuation cover, funeral cover and administration cost.	Reviewed annually	Included in comparator benchmarking.
Changes in the year: No material change				
STI scheme	Variable	Create a high-performance culture through a cash bonus in relation to performance against predetermined company and individual performance criteria.	Annual: the performance period is the same as the financial year i.e. 1 September to 31 August.	Payable in December each year in respect of the previous financial year.
Changes in the year: Revised STI vesting levels.				
LTIs	Variable	Alignment with long-term shareholder interests and retention of key staff.	Over a period of time.	Vesting occurs over a period of at least three years. The key measure is total shareholder return measured by growth in distributions per share and achievement of budgeted distributions, as well as the achievement of strategic objectives.
Changes in the year: Revised LTI vesting levels.				

REMUNERATION REPORT CONTINUED

The average pay mix for executive directors is as follows:

REMUNERATION COMPOSITION OF EXECUTIVE DIRECTORS

Executive directors are remunerated by taking cognisance of the short-term and long-term objectives of the company. This supports the alignment of strategy, performance and behaviours. The mix is aimed at ensuring that executives proportionately achieve an optimal balance of remuneration when executing their duties.

Total remuneration is reviewed on an ongoing basis by Remco to ensure that relative percentages of guaranteed pay and variable pay are market-related and aligned to the attainment of corporate objectives.

The graphs on the right illustrate the mix of on-target and the maximum potential compensation of executive directors. There will be nil variable pay at minimum.

TOTAL GUARANTEED PACKAGE

The company conducts annual external benchmarking and participates in remuneration surveys to determine the market positioning in order to remain competitive. The TGP details are contained in the table on page 111.

SHORT-TERM INCENTIVES

The STI scheme is established at all levels of the organisation. It is linked to performance at both an individual and company level and is measured against a set of pre-determined KPIs, which include financial performance (growth in distributions per share relative to sector peers; and against achievement of budgeted distributions per share; weighted at 70%) and individual performance (achievement of strategic objectives; weighted at 30%).

STIs are not a condition of employment, but are awarded at management's discretion, and are based on company and individual performance. The affordability of bonuses will be taken into account when awarding STIs.

As stated earlier in the report, we have undertaken to review the performance criteria for the STI incentives in 2016 so that they are aligned to short-term deliverables and are differentiated from long-term incentives and outcomes.

PURPOSE OF THE REMUNERATION POLICY

The purpose of Redefine's remuneration policy is to govern all the components of remuneration within the shareholder approved remuneration framework and guiding principles. The policy sets out our approach to remuneration and is underpinned by the primary objective of promoting the achievement of the company's strategic objectives.

ON TARGET (%)

- TGP 47
- STI 19
- LTI 34

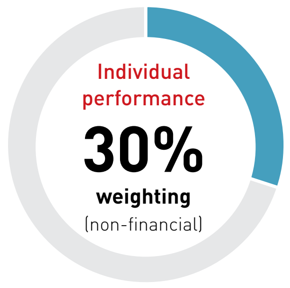
MAXIMUM (%)

- TGP 33
- STI 33
- LTI 33

The performance criteria for STIs are set out and illustrated below:

Description of performance criteria (KPI)

- The financial performance targets of the company are determined in accordance with the strategic business objectives at the beginning of the financial year
- Achievement of the targets is assessed at year end and results are audited by an independent body
- The percentage performance achieved against targets is translated into a nominal performance-linked scale, adjusted to allow for maximum earning potential by level
- The key measure is total shareholder return measured by growth in distributions per share and the achievement of budgeted distributions



Description of performance criteria (KPI)

- At the beginning of each financial period, every employee enters into a contractual performance agreement
- The performance agreement stipulates the performance expectations to be measured at year end
- Individual performance is formally measured using a five-point performance rating scale (where a rating of 1 is for a low contributor and 5 is for an excellent contributor)
- The rating scale is linked to earning potential for the appropriate employee level
- Performance agreements ensure alignment between the company and individual performance levels

BONUS PARAMETERS

The bonus parameters governing the bonus plan are summarised below:

Level	Company performance %	Individual performance %	Below threshold %	On target bonus %	Stretch bonus %
Executive directors	70	30	0	39	100
Senior management	70	30	0	8	50
General staff	70	30	0	8	25

In calculating the STI incentive, the value of the award is expressed as a percentage of TGP. The potential pay-outs are measured against a set of pre-determined performance criteria and differ according to participant levels.

ACCRUAL OF BONUSES AND BONUS MECHANISM

The pool is accrued based on a "top down mechanism" and the targets set for each of these measures ensures self-funding of the bonus pool. Once the bonus pool is accrued, it is disbursed taking into account company and employee performance.

Remco retains the discretion to review the STI outcomes and to moderate any payments to avoid any unexpected or unjustifiable outcomes. In exceptional cases, the committee has the discretion to make *ex gratia* payments, where considerable value has been added to shareholders.

LONG-TERM INCENTIVES

Awards to participants are directly linked to role, company and individual performance; the participants are invited on an annual basis to participate in the LTI plans. Remco believes that the practice of making regular annual awards helps to safeguard against windfall gains.

A summary of the LTI plans is contained in the table below:

Scheme name	Restricted share scheme	Purchase share scheme	Matching share scheme
Description	Participants will be awarded an approved number of Redefine shares, free of consideration.	Participants will be awarded the opportunity to acquire Redefine shares by way of a market-related interest bearing loan (JIBAR plus 200 basis points), on an arm's length basis, granted by the company.	Participants will be invited to utilise a predetermined percentage of their after tax STI bonus (annual) to acquire Redefine shares. Participants holding shares at the third anniversary of the date of award will be awarded Redefine shares free of consideration by the company based on a multiple linked to company and individual performance. The key measure is total shareholder return measured in growth in distributions per share and achievement of budgeted distributions and the achievement of strategic objectives.
Rationale	Attraction, incentivisation and retention of executive directors and key staff.	Enhance employee and shareholder alignment through achieving and encouraging direct ownership by employees of Redefine shares. This is essentially a "management buy-in" plan and exposes participants to the risk of share price growth and the repayment of the full loan for purchase of the shares (even in instances where the share price decreases from purchase date).	Incentivisation and retention of key staff. Enhance employee and shareholder alignment through achieving and encouraging direct ownership by employees of Redefine shares
Vesting conditions	40% of the award of shares will be subject to the participant remaining in the employment of the company (time vesting). This is the retention element of the award. 60% of the award will vest subject to meeting pre-determined performance conditions (performance vesting). Vesting period is three years.	On termination of employment or the 10th anniversary of the date on which the scheme shares were awarded, the employee will be required to repay the outstanding scheme debt plus all accrued but unpaid interest.	Remain in the employment of the company. Company and individual performance.
Participation Participation in the schemes is based on the remuneration policy and Remco approval	Executive directors and key staff.	Executive directors and key staff.	Executive directors and key staff.
References	Refer to the directors' report in the annual financial statements and note 20 in the annual financial statements.	Refer to note 8 in the annual financial statements.	Refer to the directors' report in the annual financial statements and note 20 in the annual financial statements.

SHARE APPRECIATION SCHEME

The share appreciation scheme is a legacy scheme. Under this scheme participant had been awarded shares based on a multiple of the participants' TGP grade, performance, retention and attraction requirements. The participants share in the appreciation of the share price over the strike price. The last tranche vested on the 1st of September 2015.

Remco has resolved for the company to settle the shares issued in terms of the long-term incentive schemes by buying them in the market; thus, there is no dilution of shares thus far.

The aggregate number of shares at any one time that may be allocated under all the long-term incentive plans shall not exceed 207 478 031 shares (which represent approximately 7.5% of the number of issued linked shares as at the date of approval of the long-term incentive plans by shareholders). This dilution limit is lower than the general dilution limit amongst JSE listed companies, which is 10% of issued share capital. The limit excludes shares allocated by way of awards in terms of the long-term incentive plans, which have been forfeited by participants. These limits will be adjusted proportionately in the event of a sub-division or consolidation of shares.

The performance criteria and vesting levels for the LTI schemes is set out in the table below:

Financial objectives **70%** weighting	Growth in distributions per share in relation to peer companies **35%** weighting	(More than 0.5% lower = 0%) 1. Between 0.01% - 0.49% lower than peer distributions growth **(15% vesting)** 2. Equal to peer distributions growth **(75% vesting)** 3. 0.01 - 0.49% better than peer distributions growth **(85% vesting)** 4. 0.05 – 1.0% better than peer distributions growth **(90% vesting)** 5. Above 1.01% of peer distributions growth **(100% vesting)**
	Achievement of budgeted distributions per share **35%** weighting	(Below budget = 0%) 1. Budget achieved **(75% vesting)** 2. Between 0.01 – 0.49% better than budget **(85% vesting)** 3. Between 0.5 – 0.99% better than budget **(90% vesting)** 4. 1.0% better than budget **(95% vesting)** 5. More than 1.01% better than budget **(100% vesting)**
Individual performance objectives **30%** weighting	Achievement of strategic objectives set by board **30%** weighting	**Percentage achievement of strategic objectives =** % vesting of the portion of the award linked to this condition. • Material aspects with some improvements achieved: 15% vesting • Material aspects with significant improvements achieved: 20% vesting • Exceptional performance against strategic objectives: full 30% vesting Annually set and approved by the board and requires the participant to: • Secure core growth and capital appreciation prospects through active asset management • Efficiently manage all aspects of our properties through focused property management • Grow and diversify the local property asset base through disciplined investment criteria • Prudently manage the funding of the business • Geographically diversify to deliver real growth from international markets • Exploit value-add opportunities for existing properties

The company does not allow retesting of performance conditions under any of its long-term incentive plans.

EXECUTIVE DIRECTOR SERVICE CONTRACTS

Executive directors are on standard employment contracts with three month notice periods. Normal retirement age is 65. The company's retirement policy makes provision to extend the working relationship beyond the normal retirement age. There are no contractual arrangements for balloon payments or other special severance payments or loss of office payments on termination of employment for underperformance. For early termination, there is no automatic entitlement to bonuses or share-based payments, and any bonus payments made upon early termination may be made purely at the discretion of Remco. There are no restraints of trade on executive directors.

While there is no automatic entitlement to a payment in the event of a change of control, long-term incentives will vest in accordance with the approved share plan rules.

NON-EXECUTIVE DIRECTOR FEE POLICY

Non-executive director fees are reviewed annually, based on market benchmarks following research into trends in non-executive director remuneration among companies of a similar size and complexity. The fees recognise the responsibilities borne by directors throughout the year and not only during meetings. The fees comprise an annual fee, as tabulated in part 2 of this report.

The fee proposals endorsed by the board are proposed at the annual general meeting for shareholder approval, by special resolution, prior to payment for the following financial year.

In addition, non-executive directors are reimbursed for travel expenses on official business where necessary, as well as other direct business related expenses.

Non-executive directors do not participate in the company's variable pay plans in order to avoid any potential conflict of interest and to maintain their independence.

None of the non-executive directors have a contract of employment with the company. Their appointments are made in terms of the company's Memorandum of Incorporation and are confirmed initially at the first annual general meeting of shareholders following their appointment, and thereafter at a minimum of two-year intervals.

PART 2: IMPLEMENTATION OF THE POLICY - EXECUTIVE DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION

In determining the TGP increases for executive directors, the committee, with the assistance of its remuneration advisor PwC, reviewed the comparator group used for the total remuneration benchmarking. It was considered appropriate to update the comparator group, as Redefine has changed significantly since the previous comparator group was established. The basis of selection of the comparator group was to consider JSE companies of a similar size to Redefine.

Previous comparator group	New comparator group
Growthpoint, Hyprop, Capital	Liberty Holdings, Life Healthcare Group Holdings, Capitec Bank Holdings, MMI Holdings, Netcare, Tiger Brands, Mr Price Group, Growthpoint Properties, Discovery, Woolworths Holdings

The total reward benchmarking exercise indicated the need to correct TGP earnings to closer align with the total reward comparator group. The interim correction for executive directors was 10.36%.

The average rate of increase of TGP for executive directors was 6.53%. On average, increases made to general management and staff was 6.30% The increases were effective from the 1 September 2015 and are applicable for the period September 2015 to August 2016.

The table below provides an analysis of remuneration received in the 2015 financial year, presented as the total 'single figure' remuneration of executive directors (all prescribed officers of the company are directors).

This figure includes the value of long-term incentives that vested in the financial year:

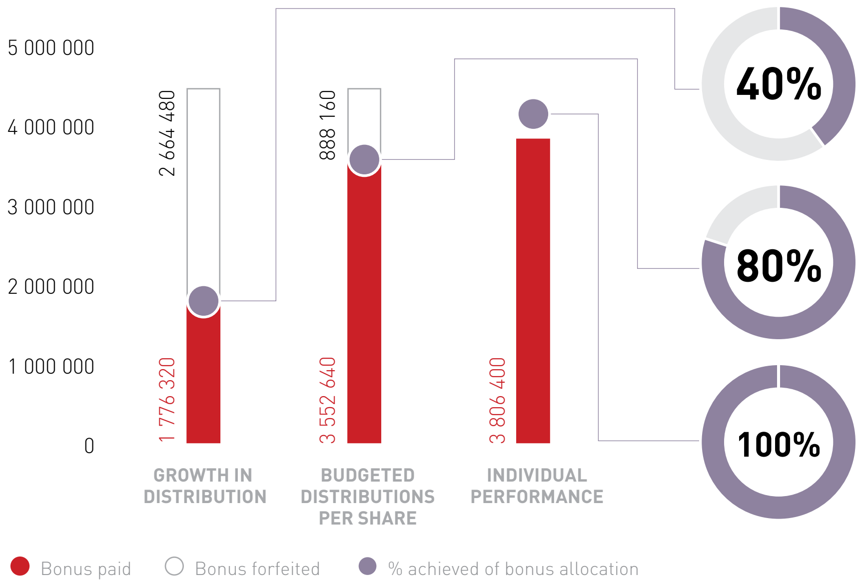
Name	Cash salary R000	Benefits* R000	STI*** R000	LTI vesting 2015 R000	Total remuneration 2015 R000	Total remuneration 2014 R000
A König	3 268	496	4 590	1 480	9 834	9 228
D Rice	2 929	433	4 324	1 850	9 536	9 148
M Wainer	3 863	147	5 724	2 467	12 201	11 747
L Kok**	2 346	433	174	1 442	4 395	–
M Ruttell	1 613	–	1 910	1 352	4 875	2 660

* Medical aid, group risk cover, provident fund and travel allowance
** L Kok appointed 1 October 2014
*** Including SAS

SHORT-TERM INCENTIVE OUTCOMES

The graph below shows the actual performance outcomes of executive directors for the year under review on the STI bonus as it compares to performance against the growth in distribution, relative to the industry comparator group and achievement of budgeted distributions per share; and individual performance.

SHORT-TERM INCENTIVE OUTCOMES
(Rand)



LONG-TERM INCENTIVE OUTCOMES

The table below illustrates on an individual executive director and prescribed officer level the value of long-term incentives allocated, settled, forfeited and the current value of shares not yet settled.

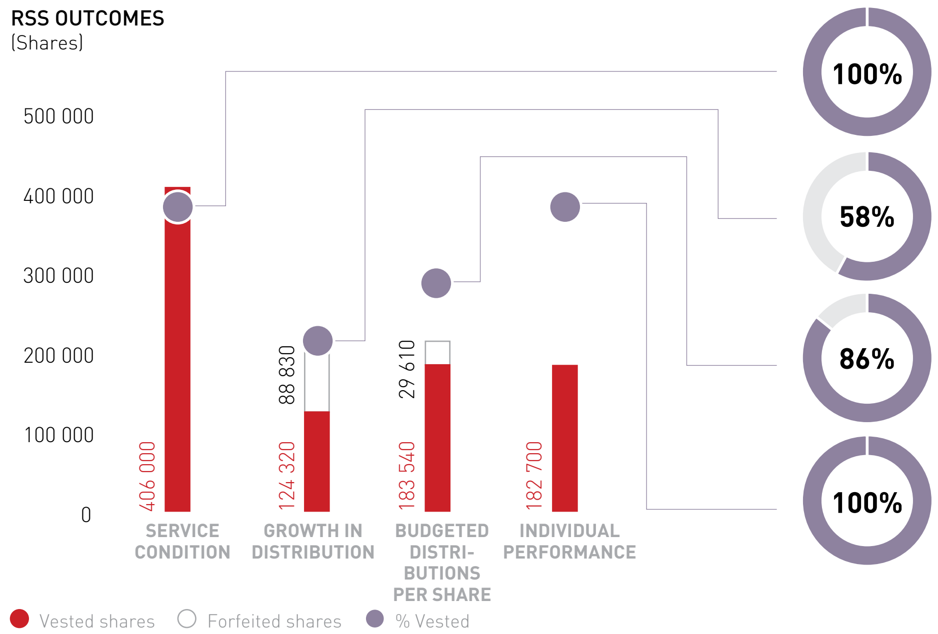
	NUMBER							VALUE				
	Year granted	Scheme	Opening	Allocated in year	Settled	Forfeited	Closing	Grant price R	Settled price R	Settlement value R000	Current share value R	Total estimated value R000
A König	2011	SAR	800 000	–	400 000	–	400 000	6.50	9.66	1 264	11.48	1 992
	2012	SAR	500 000	–	250 000	–	250 000	7.00	9.66	665	11.48	1 120
	2013	Restricted	540 000	225 000	149 760	30 240	585 000	*	10.31	1 544	11.48	6 716
	2014	Matching	318 600	316 515	–	–	635 115	#	–	–	11.48	7 291
										3 473		**17 119**
D Rice	2011	SAR	800 000	–	400 000	–	400 000	6.50	9.66	1 264	11.48	1 992
	2012	SAR	500 000	–	250 000	–	250 000	7.00	9.66	665	11.48	1 120
	2013	Restricted	675 000	225 000	187 200	37 800	675 000	*	10.31	1 930	11.48	7 749
	2014	Matching	293 829	284 256	–	–	578 085	#	–	–	11.48	6 636
										3 859		**17 497**
M Wainer	2011	SAR	1 300 000	–	650 000	–	650 000	6.50	9.66	2 054	11.48	3 237
	2012	SAR	400 000	–	200 000	–	200 000	7.00	9.66	532	11.48	896
	2013	Restricted	900 000	300 000	249 600	50 400	900 000	*	10.31	2 574	11.48	10 332
	2014	Matching	367 167	370 935	–	–	738 102	#	–	–	11.48	8 473
										5 160		**22 938**
M Ruttell	2011	SAR	375 000	–	187 500		187 500	6.50	9.66	593	11.48	934
	2012	SAR	65 000	–	32 500		32 500	7.00	9.66	86	11.48	146
	2014	Matching	21 165	23 725	–	–	44 890	#	–	–	11.48	515
	2015	Restricted	–	600 000	150 000		450 000	*	10.31	1 547	11.48	5 166
										2 226		**6 761**
L Kok	2015	Restricted	–	640 000	160 000		480 000	*	10.31	1 650	11.48	5 510
										1 650		**5 510**

* In terms of this scheme the directors have a conditional right to a share, which is awarded subject to performance and vesting conditions. No grant price is applicable as the restricted scheme is settled in shares

In terms of this scheme the directors are invited annually to utilise a predetermined percentage of their after tax bonus to acquire Redefine shares. Directors holding these shares at the third anniversary of the date of award will be awarded additional Redefine shares free of consideration based on a multiple of the original shares linked to the group and individual performance. No grant price is applicable as the matching scheme is settled in shares

The following graph shows the actual performance outcomes of executive directors for the year under review on the RSS incentive as it compares to performance against the growth in distribution relative to the peer comparator group and achievement of budgeted distributions per share; and individual performance.

RSS OUTCOMES
(Shares)



APPROVED LTI DILUTION LIMITS

The board has resolved that the company settle the LTI awards made in terms of the LTI scheme by buying shares in the market, thus, there is no dilution of shares at this stage.

NON-EXECUTIVE DIRECTORS' FEES

The table below illustrates the current shareholder approved and proposed fee increases in respect of non-executive directors.

Committee and role	2015	Proposed FY2016	% increase in proposed fees
Lead independent director*	–	R500 000	
Non-executive director	R330 000	R360 000	9.1%
Audit and risk committee chairman	R155 000	R170 000	9.7%
Audit and risk committee member	R130 000	R140 000	7.7%
Remuneration committee and nomination committee chairman/member	R60 000	R65 000	8.3%
Investment committee chairman	R95 000	R105 000	10.5%
Social and ethics committee chairman/member	R60 000	R65 000	8.3%

* Following M Wainer's appointment as executive chairman, B Nackan was appointed lead independent director

On the subject of non-executive directors' fee structure, the board agreed that the current fee structure of a single annual fee, rather than a retainer and meeting attendance fees, was more appropriate for the board and the committees in light of the contribution of the members. Non-executive directors' fees are paid bi-annually in arrears. The performance of directors is assessed by the chairman on an ongoing basis and by way of the annual board assessment project.

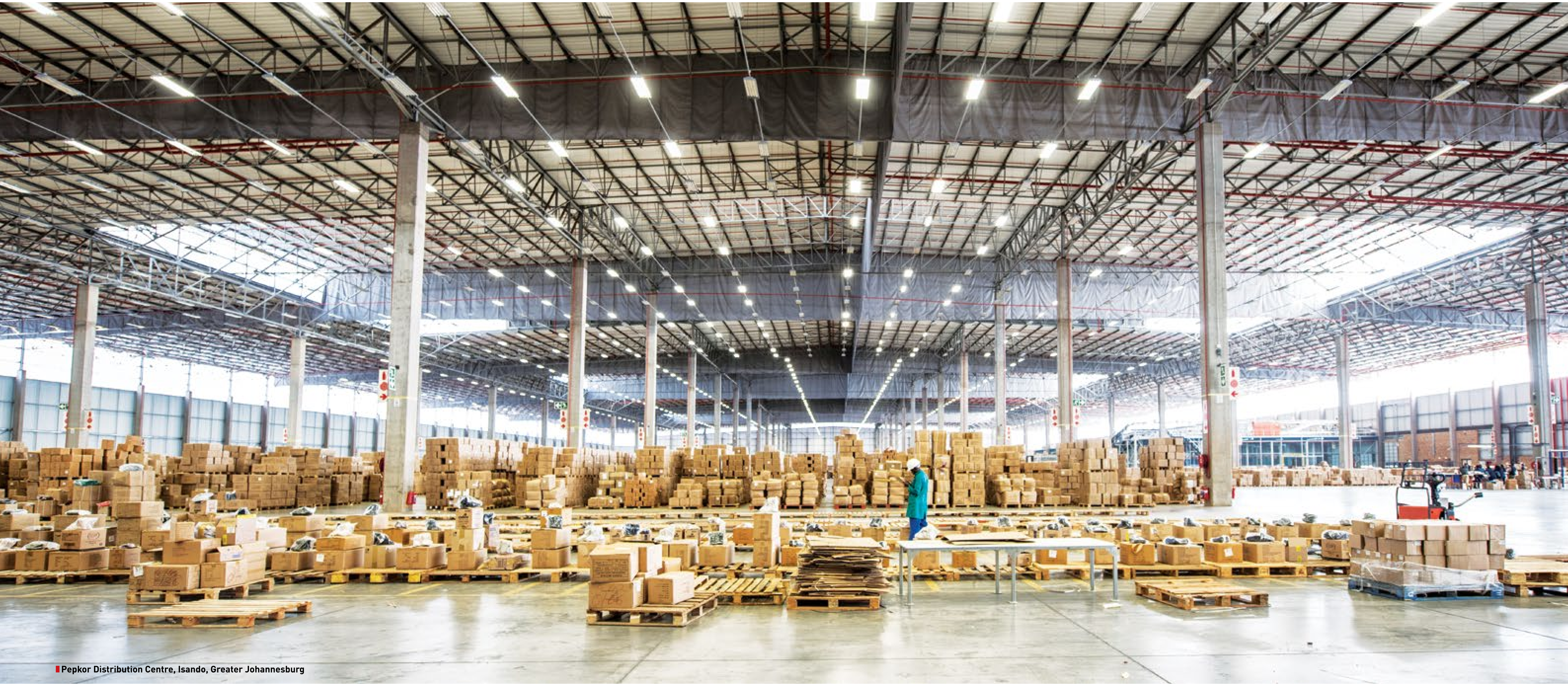
The proposed 2016 non-executive directors' fees will be tabled for approval by shareholders in accordance with the Companies Act 71 of 2008 (the Companies Act) and King III at the group's annual general meeting to be held on 18 February 2016. Refer to special shareholders resolution number 1 in the notice of annual general meeting.

APPROVAL

This remuneration report was approved by the remuneration committee of Redefine Properties Limited on 3 November 2015.

Yours sincerely

Günter Steffens
Chairman
Remuneration committee



Pepkor Distribution Centre, Isando, Greater Johannesburg

refresh

Section 5: Annexures

As we look to the future, we believe that the creation of innovative, functional and environmentally-friendly spaces will be fundamental to our business.

REDEFINE PROPERTIES

We're not landlords. We're people.

SHARE PERFORMANCE

for the year ended 31 August 2015

	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
SHAREHOLDER SPREAD				
1 - 1 000	7 325	25.30	2 036 896	0.04
1 001 - 10 000	11 153	38.52	51 230 087	1.08
10 001 - 100 000	8 502	29.36	254 510 141	5.35
100 001 - 1,000 000	1 553	5.36	474 224 943	9.98
Over 1 000 000	422	1.46	3 972 497 722	83.55
Total	28 955	100.00	4 754 499 789	100.00
DISTRIBUTION OF SHAREHOLDERS				
Assurance companies	50	0.17	121 439 087	2.55
Close corporations	254	0.88	12 794 825	0.27
Collective investment schemes	614	2.12	1 885 585 593	39.66
Control accounts	6	0.02	7 287	0.00
Custodians	84	0.29	96 048 009	2.02
Foundations and charitable funds	266	0.92	44 066 218	0.93
Hedge funds	15	0.05	18 459 932	0.39
Insurance companies	24	0.08	15 888 606	0.33
Investment partnerships	111	0.38	9 830 168	0.21
Managed funds	99	0.34	77 088 594	1.62
Medical aid funds	35	0.12	5 252 429	0.11
Organs of state	4	0.01	553 214 666	11.64
Private companies	519	1.79	223 404 305	4.70
Public companies	25	0.09	2 534 791	0.05
Public entities	4	0.01	527 264	0.01
Retail shareholders	22 648	78.22	288 441 360	6.07
Retirement benefit funds	506	1.75	711 622 266	14.97
Scrip lending	21	0.07	30 268 850	0.64
Sovereign funds	28	0.10	88 608 778	1.86
Share schemes	2	0.01	11 528 138	0.24
Stockbrokers and nominees	63	0.22	48 993 519	1.03
Treasury	1	0.01	5 876 766	0.12
Trusts	3 561	12.30	502 954 377	10.58
Unclaimed scrip	15	0.05	63 961	0.00
Total	28 955	100.00	4 754 499 789	100.00
SHAREHOLDER TYPE				
Non-public shareholders	27	0.09	620 956 417	13.06
Government employees pension fund	3	0.01	486 920 069	10.24
Directors and associates (including share schemes)	23	0.08	128 159 582	2.70
Own holdings	1	0.00	5 876 766	0.12
Public shareholders	28 928	99.91	4 133 543 372	86.94
Total	28 955	100.00	4 754 499 789	100.00

	Number of shares	% of issued capital
BENEFICIAL SHAREHOLDERS WITH A HOLDING GREATER THAN 2% OF THE ISSUED SHARES		
Government employees pension fund	486 920 069	10.24
Redefine empowerment trust	300 000 000	6.31
Stanlib	219 801 993	4.62
Old Mutual group	182 472 463	3.84
Coronation fund managers	153 970 631	3.24
Vanguard	146 074 595	3.07
Investment solutions	145 300 133	3.06
Investec	121 087 829	2.55
Sanlam Group	105 948 958	2.23
Eskom pension and provident fund	100 999 604	2.12
Clearwater Property Holdings (Pty) Ltd	100 521 793	2.11
MMI	95 631 177	2.01
Total	2 158 729 245	45.40

	2015	2014
SHARES IN ISSUE		
Total shares in issue	4 754 499 789	3 410 507 125
Shares in issue (net of treasury shares)	4 448 623 023	3 404 630 359
Weighted average number of shares in issue (net of treasury shares)	3 789 574 852	3 090 599 470
TRADING VOLUMES		
Volume traded during period	2 570 813 128	1 419 603 119
Ratio of volume traded to shares issued (%)	54.07%	41.70%
Ratio of volume traded to weighted number of shares in issue	67.68%	45.93%
Rand value traded during the period	R28 570 191 763	R13 539 565 871
Market capitalisation at 31 August (Rand)	R54 581 657 578	R32 604 448 115
Number of shareholders	28 955	25 880

R9.55
Opening price 2 September 2014

R11.48
Closing price 31 August 2015

R12.68
Closing high for year

R9.24
Closing low for year

28 955
Total number of shareholdings

4 754 499 789
Total number of shares in issue at 31 August 2015

DEFINITIONS

Redefine/the company/the group	Redefine Properties Limited, a company listed on the JSE
AGM	Annual general meeting
ADR	American Depositary Receipt Programme
Annuity	Annuity Properties Limited
Arrowhead	Arrowhead Properties Limited, a company listed on the JSE
ASX	Australian Stock Exchange
AUD	Australian Dollar
BASA	Business and Arts South Africa
BBBEE	Broad-based black economic empowerment
BEE	Black economic empowerment
Bps	Basis points
CBD	Central business district
CEO	Chief executive officer
CGT	Capital gains tax
CDP	Carbon disclosure project
COO	Chief operating officer
Companies Act	Companies Act No. 71 of 2008 as amended
CP	Commercial Paper
CPS	Cents per share
Cromwell	Cromwell Property Group, a fund listed on the ASX
CRM	Customer Relationship Management
CSI	Corporate social investment
DC	Distribution Centre
DCF	Discounted cash flow
Dipula	Dipula Income Fund Limited, a company listed on the JSE
DJSI	Dow Jones Sustainability Index
DMTN	Domestic Medium Term Note Programme/Plan
DRIP	Dividend re-investment programme
EBP	Existing building performance
EDD	Executive director development
Emira	Emira Property Fund
ERM	Enterprise Risk Management
FD	Financial director
Fountainhead	Fountainhead Property Trust
Fountainhead Manco	Fountainhead Property Trust Management Limited
Framework	The International IR Framework
FTSE	Financial Times Stock Exchange
GBCSA	Green Building Council of South Africa
GBP	British pound sterling
GDP	Gross domestic product
GHG	Greenhouse gas
GLA	Gross lettable area
GMR	Gross monthly rental
GRESB	Global Real Estate Sustainability Benchmark

GRI	Global Reporting Initiative
Hyprop	Hyprop Investments Limited, a JSE listed company
IAR	Integrated annual report
ICT	Information and Communications Technology
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council
IPD	Investment Property Databank
JSE	Johannesburg Stock Exchange
King III	King Report on Corporate Governance for South Africa and the King Code of Governance Principals
Leaf	Leaf Property Fund Proprietary Limited
LED	Light-emitting diode
LSE	London Stock Exchange
LSM	Living standard measure
LTI	Long term incentive
LTV	Loan to value ratio
MoI	Memorandum of Incorporation
MSR	Minimum shareholding requirement
NAV	Net asset value
NCI	Non-controlling interest
NGO	Non-governmental organisation
NOI	Net operating income
NTAV	Net tangible asset value
PLS	Property Loan Stock
PSC	Property Sector Charter
PV	Photovoltaic
REIT	Real Estate Investment Trust
Respublica	Respublica Student Living Proprietary Limited
Remco	Remuneration committee
RIFM	Redefine International Fund Managers Limited, a private company incorporated in the British Virgin Isles
RIN	Redefine Properties International Limited, a company previously listed on the JSE
RI PLC	Redefine International PLC, a company listed on both the JSE and LSE
RSS	Restricted Share Scheme
SACSC	South African Council of Shopping Centres
SAPOA	South African Property Owners Association
SAPS	South African Police Service
SARB	South African Reserve Bank
SAS	Share appreciation scheme
SRI	Socially Responsible Investment Index
STI	Short term incentive
TGP	Total guaranteed package
TI	Tenant installation
USA	United States of America
ZAR	South Africa Rand

NOTES

SHAREHOLDERS' DIARY

Notice of AGM and summarised audited financial statements posted to shareholders	4 January 2016
Integrated report and annual financial statements available online	4 January 2016
AGM	18 February 2016
2016 half year-end	29 February 2016
Interim dividend declaration	5 May 2016
Summarised interim financial results for 2016	5 May 2016
Financial year-end	31 August 2016
Final dividend declaration	3 November 2016
Summarised annual financial results	3 November 2016

* Please note that these dates are subject to alteration

ADMINISTRATION

REDEFINE PROPERTIES LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1999/018591/06)
(JSE share code: RDF ISIN: ZAE000190252)
(Approved as a REIT by the JSE)

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Fax: +27 11 283 0055
Email: investorenquiries@redefine.co.za
www.redefine.co.za

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Email: bronwynb@redefine.co.za

TRANSFER SECRETARIES

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Telephone: +27 11 370 5000

INVESTOR RELATIONS

Should you wish to be placed on the mailing list to receive regular 'breaking news' email updates, please send an email to investorenquiries@redefine.co.za

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Telephone: +27 11 722 3050

RUSSELL AND ASSOCIATES 8795/15

REDEFINE
PROPERTIES

We're not landlords. We're people.