

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

# 2018

Where **purpose** and responsibility meet.

# ESG Sustainability



We're not landlords. We're people.

# About Redefine

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

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



# Our reporting suite

We are committed to report openly and honestly to our broad range of stakeholders. To view the full suite, please visit our website [www.redefine.co.za](http://www.redefine.co.za)



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

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

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

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

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

## How to navigate our report

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

CAPITALS	MATERIAL MATTERS
Financial capital	Operate efficiently
Manufactured capital	Invest strategically
Human capital	Optimise capital
Social and relationship capital	Engage talent
Intellectual capital	Grow reputation
Natural capital	

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## Feedback

Your feedback is important to us and we welcome your input to enhance our reporting processes.

Please visit [www.redefine.co.za](http://www.redefine.co.za) or email [investorenquiries@redefine.co.za](mailto:investorenquiries@redefine.co.za)



ESG 2018

## ESG overview

Embedding ESG thinking into every aspect of our organisation is not the right way to do business – it's the only way.




# ESG highlights

In an ever-changing environment, we understand the importance and impact of environmental, social and governance (ESG) matters on creating sustainable value for our stakeholders. This, in turn, will support the sustainability of our business and therefore we aim to incorporate long-term ESG factors and considerations into our day-to-day operations.

	<b>ENVIRONMENTAL</b>	Our total installed solar PV capacity increased from 7.8 MWp in 2017 to <b>22.4 megawatt peak in 2018</b>	REIT with <b>largest solar PV footprint</b> in South Africa
		A total of <b>44</b> Green Building Council of South Africa certifications, with a further <b>30</b> registered, which will bring our total Green Star SA ratings to <b>74</b> in 2019	An additional <b>3 000 smart water and electricity meters</b> being installed – all buildings in Cape Town have water metering and control devices

# Our ESG focus areas

Operating in a long-term asset class, we make strategic choices with lasting impacts, so the sustained impacts make embedding sustainability into every aspect of our daily activities vital to our business. Our approach to sustainability is more than pure compliance or being socially and environmentally responsible – we are intent on creating sustained value for all our stakeholders, which is supported by a comprehensive implementation plan, which outlines priorities, risks, opportunities, targets and action plans.

	<b>SOCIAL</b>	Certified as a <b>Top Employer</b> for 2019 for the fourth consecutive year	<b>Level 3 broad-based black economic empowerment (BBBEE)</b> contributor status
			<b>First Challenge Convention</b> held at Maponya Mall with a participation of <b>224</b> key stakeholders

	<b>GOVERNANCE</b>	Board diversity, skills and independence <b>broadened</b>	<b>Independent non-executive chairperson</b> to be appointed
		Ranked as <b>overall winner</b> in the Chartered Secretaries Southern Africa integrated reporting awards 2018	Audit and risk oversight responsibilities <b>split into separate board committees</b>

At Redefine, our purpose is to create and manage spaces in a way that changes lives. Our approach to ESG feeds into this purpose and we are proud of the progress we've made in 2018. We remain focused on consistently improving how we manage our ESG considerations, as well as the manner in which we report on our progress.

Refer to the ESG scorecard self-assessment on **pages 111 to 120** for a summary of our progress.



Refer to our **IR** for priorities and outcomes in each capital.

We continue to adjust, manage and measure our performance with reference to the principles set out in King IV in terms of the Companies Act.

## Our ESG focus areas (continued)

The mandate of the social, ethics and transformation committee (SET) focuses on:

Monitoring the group's activities with regard to the following six areas of social responsibility: 1. Social and economic development 2. Good corporate citizenship 3. Environment, health and public safety 4. Consumer relationship 5. Transformation 6. Labour and employment	Drawing all matters within its mandate to the attention of the board, as required
Reporting on matters within its mandate set out in the integrated report, and attend the company's annual general meeting (AGM)	
The Companies Act references specific pieces of South African legislation and various principles and standards of the Organisation for Economic Cooperation and Development, the International Labour Organisation (ILO) and the United Nations Global Compact Principles, which falls within the SET's mandate and oversight role.	

In addition, the SET is responsible for monitoring and overseeing the overall direction and control of our social responsibility performance. Relevant management members are invited to the committee's meetings to provide feedback and report back on the company's performance with regard to:

- Legal and regulatory affairs
- Ethics and compliance
- BBBEE and transformation
- Consumer affairs, whistle-blowing lines, investigations and human resources
- Sustainability and corporate affairs

Social responsibility is managed across the company and performance in many of these areas is incorporated into our employment contracts for performance-based remuneration. While this report is designed primarily to meet the reporting requirements placed on the SET, the group's performance on social, governance and sustainability matters is also dealt with throughout our **IR**.

This ESG report focuses on our efforts in:

- Maintaining good relations with employees, employment equity and transformation
- Supporting and protecting the environment, including the impact of the group's activities and of its products and services
- Health and safety
- Maintaining good relations with key stakeholders
- Preventing and combating bribery and corruption
- Being a good corporate citizen, particularly in our efforts to protect and advance human rights, promote equality and prevent unfair discrimination
- Ethical and effective leadership and good performance
- Fair and transparent remuneration



## Achieving our higher purpose

As a long-term asset class, doing what we can now to ensure future prosperity forms part of our strategic thinking.

A growing body of research has made it clear that the issues addressed by the 17 Sustainable Development Goals (SDGs) are of critical importance to sustainable growth, now and in the future. In fact, the research suggests that failure to address the goals will result in growing social and economic instability across the globe, while efforts to achieve them will be a key driver of economic growth.

To ensure an authentic and integrated approach to incorporating the SDGs into our strategic thinking, we mapped our material matters to the SDGs, with a focus on determining which goals provided the greatest potential for impact and where the greatest opportunity lay for our business in pursuing these goals.

We identified the four SDGs to which we can contribute the most, and on which we have the most impact, and used these to craft our long-term strategy, which will also inform our short- to medium-term strategy.

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

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







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

**OUR VISION FOR 2030**  
**CREATE SUSTAINABLE SPACES THAT EMPOWER PEOPLE**

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

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

THESE INDICATORS ARE

 <b>1</b>	<b>Developing future tenants</b> To develop skills and provide other opportunities for future business owners who may become tenants requiring space	 <b>4</b>	<b>Enhancing experiences</b> To identify new ways to improve customer (i.e. tenant and shopper) experiences throughout the portfolio
 <b>2</b>	<b>Building skills capacity</b> To create a pipeline of future-proof skills across the demographic spectrum	 <b>5</b>	<b>Embracing community focus</b> To address community concerns and challenges, but also identify opportunities for partnerships and collaboration
 <b>3</b>	<b>Integrating business innovation</b> To identify and implement innovative solutions that streamline business processes and create partnerships to generate innovative offerings and achieve business goals	 <b>6</b>	<b>Minimising environment impact</b> To minimise our impact on scarce natural resources, as well as educate our stakeholders to minimise their impact on the environment

# Benchmarking our progress

We are invested in tracking our progress in adopting international sustainability best practices across our organisation. In order to do so, we benchmark our performance against our peers on both a national and international level by participating in a number of sustainability indices.

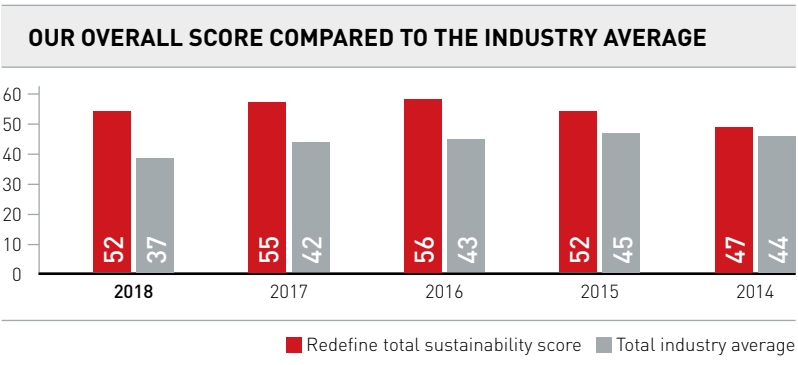
## Dow Jones Sustainability Index (DJSI)

Redefine was once again selected as an index component of the DJSI, for the fifth consecutive year. We are proud to be recognised for our corporate sustainability efforts in the real estate industry.

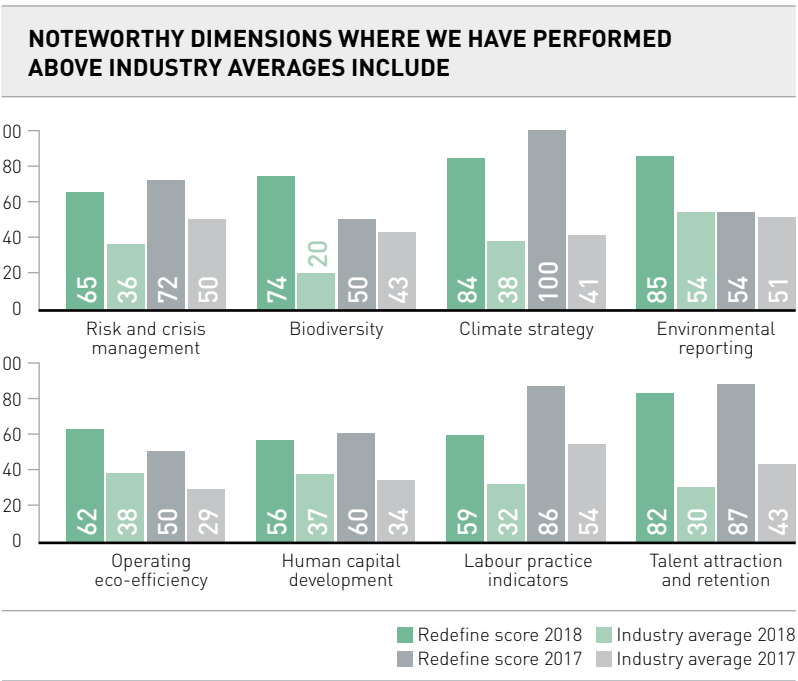
In an environment where effective climate change management and energy efficiency is critical to the sustainability of a business, we are continually striving to improve our buildings. The demand for commercial and industrial green buildings continues to increase, and we consistently pursue green developments and green existing building certification.

In addition to environmental issues, social responsibility and social integration are gaining importance in our industry. In the current volatile economic environment, community engagement and investments in areas surrounding properties are receiving increased attention to maintain asset values and for us to remain the preferred provider of space for tenants.

In 2018, we achieved a total sustainability score of 52, which is lower than our total sustainability score in 2017 of 55. However, the industry average also decreased from 42 in 2017 to 37 in 2018.



Redefine scored **higher** than the industry average in **15 of the 23 categories**



We continue to use our scorecard as a means to **identify targeted areas for improvement**

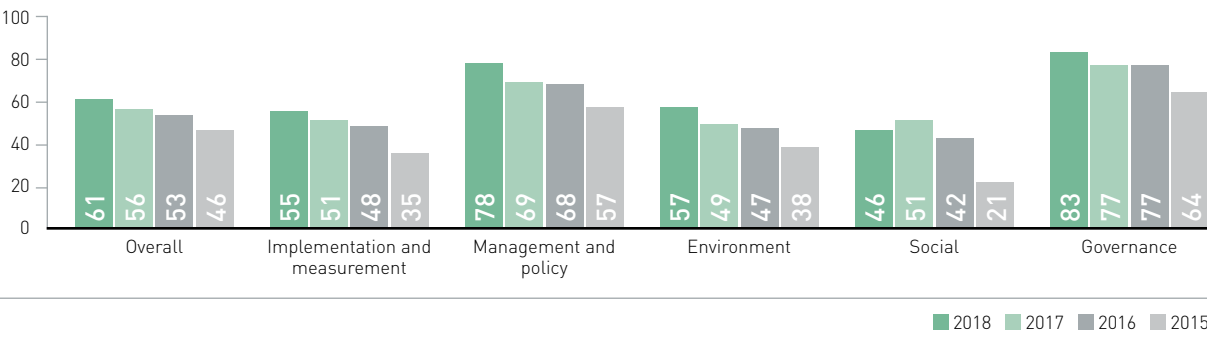
## Global Real Estate Sustainability Benchmark (GRESB)

GRESB is an industry-driven organisation that assesses the ESG performance of real estate assets globally, including real estate portfolios and infrastructure assets. More than 250 members, of which approximately 60 are pension funds and their fiduciaries, use the GRESB data in their investment management and engagement process, with a clear goal to optimise the risk/return profile of their investments.

By participating in GRESB's annual assessments, companies and funds are able to better manage portfolios, funds and assets in the face of more volatile energy prices, stricter legislation to combat climate change, increased energy-efficiency requirements and changing the preferences of corporate tenants.

Benchmark results provide member companies with the opportunity to identify areas for improved sustainability performance, both in absolute terms and relative to industry peers.

## Results from the 2018 GRESB feedback

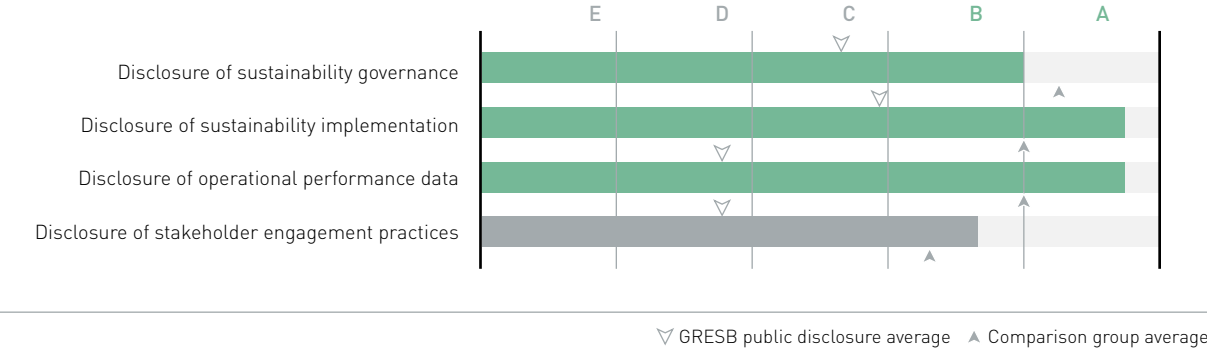


Our 2018 performance confirms steady progress year on year and has improved compared to our 2017 results.

In addition to providing a performance score, GRESB also measures the level of disclosure by listed property companies and REITs, against 22 indicators aligned with the GRESB Real Estate Assessment. These disclosure levels are expressed through a rating scale from A (most transparent) to E (least transparent).

In 2018, Redefine's public disclosure level was rated as an A, while the global average is rated as a C, and the comparison group average a B.

Redefine's disclosure performance per disclosure topic is also above GRESB public disclosure averages and its comparator group average, and is included below for ease of reference.



[Source: GRESB]



Benchmarking our progress

(continued)

FTSE4Good Emerging Index

The FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong ESG practices. The FTSE ESG ratings are used as the core basis to determine the constituents of the FTSE4Good Index. Each company in the research universe is given a FTSE ESG rating ranging from zero to five, with five being the highest rating. In 2018, Redefine has been included for the third consecutive year in the FTSE4Good Index Review.

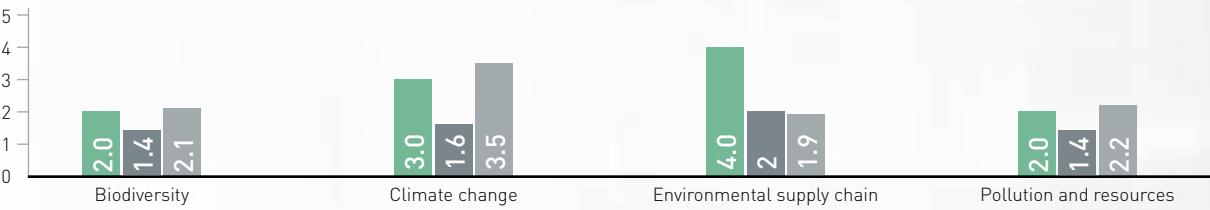
The criteria are based only on publicly available data and, in assessing ESG practices, the FTSE does not accept data or information privately provided by companies. This improves the credibility of data and enhances transparency across the market.

OUR RESULTS FROM THE 2018 FTSE4GOOD INDEX

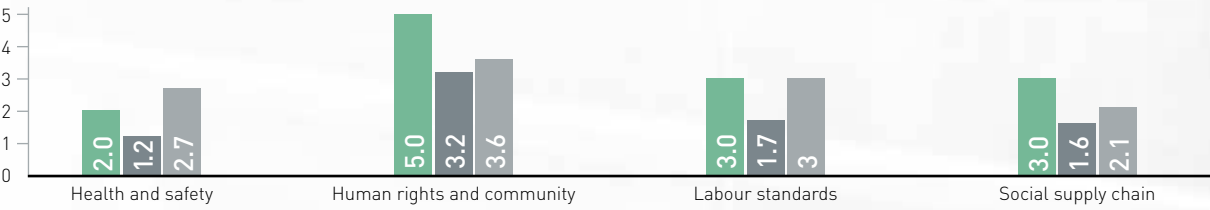
FTSE	2018	2017
ESG overall score	3.2	2.5
Environment score	2.8	2.2
Social score	2.9	1.9
Governance score	4.0	2.6



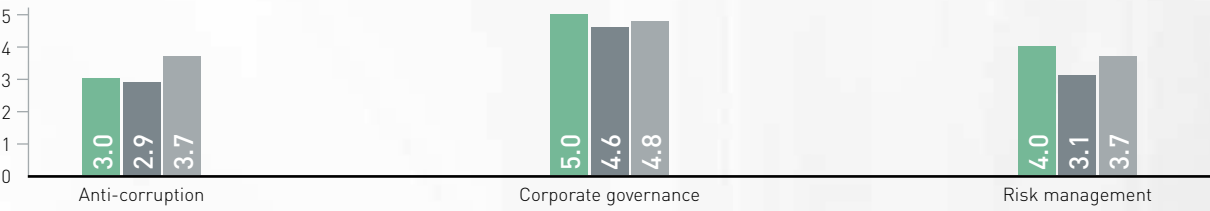
2018 ENVIRONMENTAL THEME SCORES COMPARED TO SUBSECTOR AND COUNTRY AVERAGES



2018 SOCIAL THEME SCORES COMPARED TO SUBSECTOR AND COUNTRY AVERAGES



2018 GOVERNANCE THEME SCORES COMPARED TO SUBSECTOR AND COUNTRY AVERAGES



■ Redefine ■ Subsector average: diversified REITs ■ Country average: South Africa







ESG 2018

## Our environmental landscape

We acknowledge our responsibility to care for the natural resources under our stewardship. Furthermore, we understand that we can be catalysts for change within our sphere of influence.



# Understanding how our business impacts our environment

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

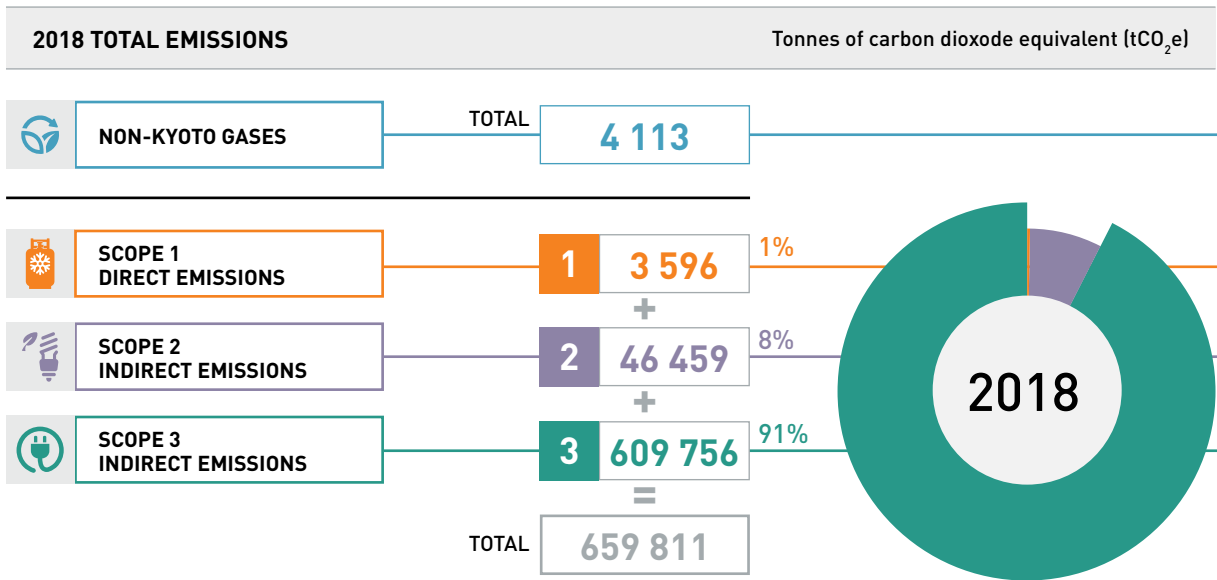
During 2018, we measured our impact on the environment through the following recognised measures:

## Carbon footprint

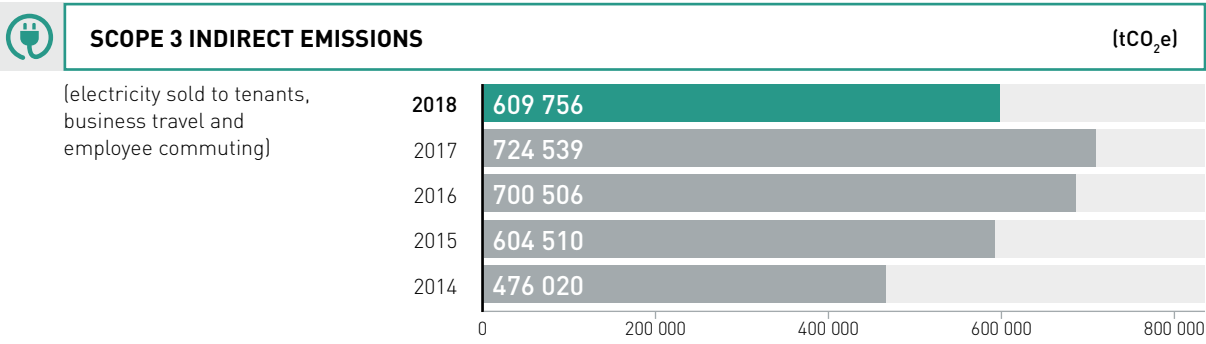
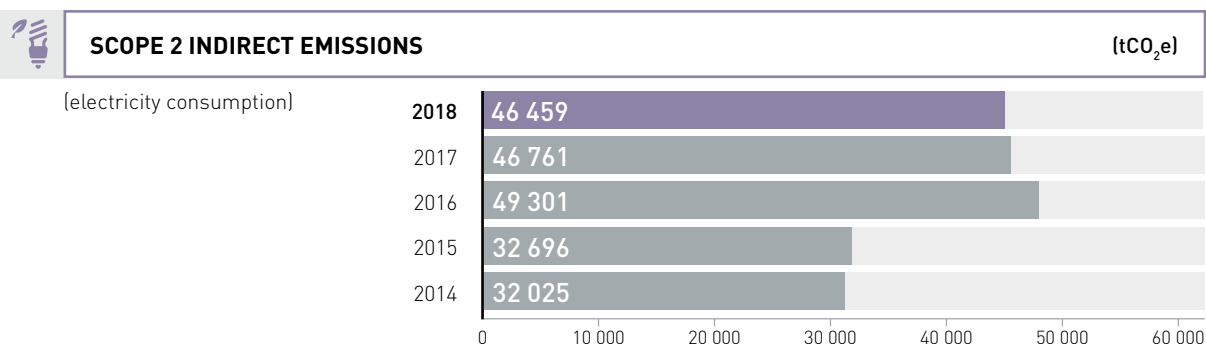
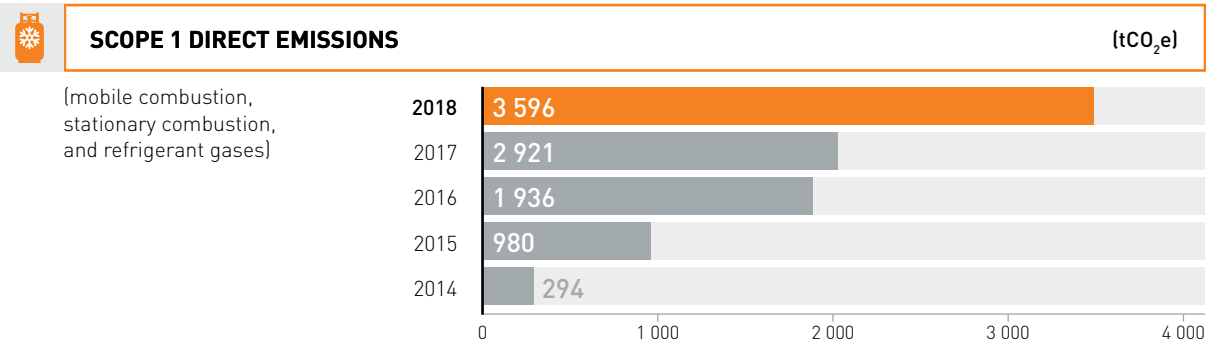
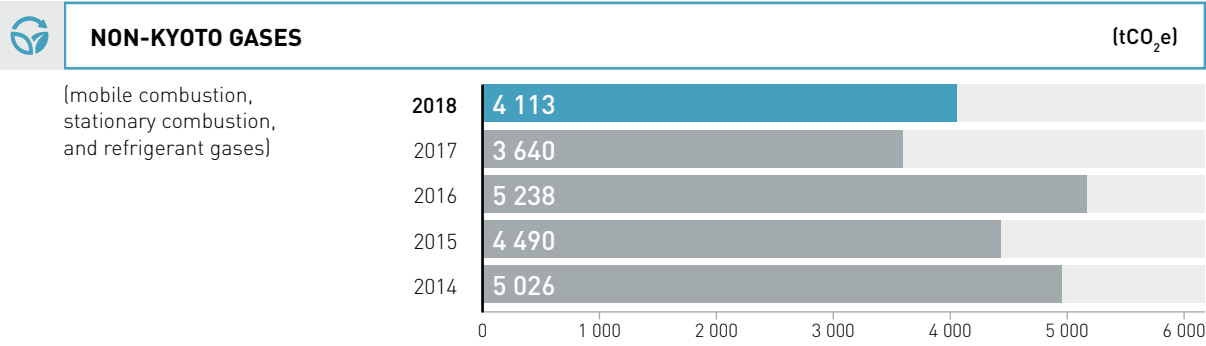
Our annual carbon footprint follows the Greenhouse gas (GHG) protocol. In 2018, we independently verified our 2017 carbon footprint, confirming that our 2017 GHG inventory was developed in accordance with the GHG Protocol Corporate Accounting and Reporting Standard. The verification performed applied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

- Conformance with the general requirements of the GHG Protocol Corporate Accounting Standard
- Completeness and accuracy of the calculated emissions for the 2017 financial year

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

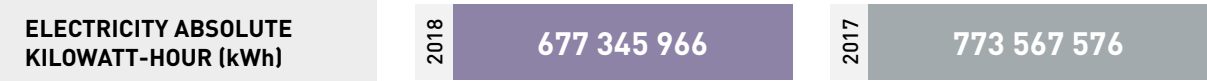


Our overall carbon footprint reduced by 15% (2017: 3% increase), mainly as a result of a reduction in Scope 3 emissions resulting from lower electricity use by tenants.

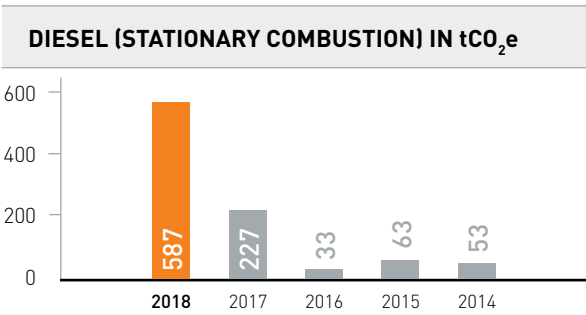


# Understanding how our business impacts our environment (continued)

Electricity remains the most significant contributor to our carbon footprint. However, our Scope 2 contribution only accounts for 7.1% of our total electricity use. Total electricity use across the portfolio has decreased by 12% from 2017.



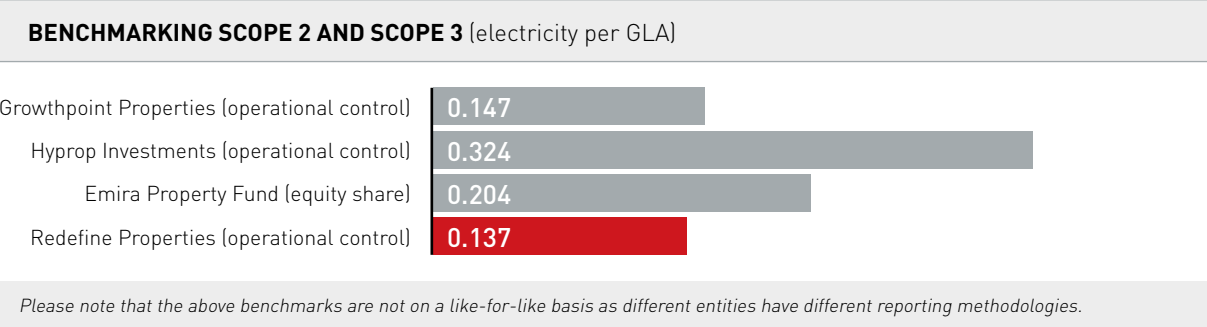
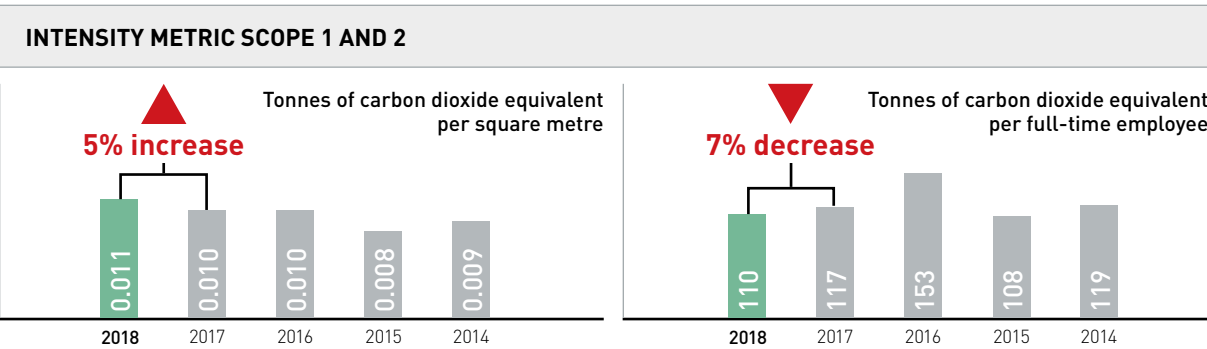
The two main contributors to the increase in our Scope 1 emissions are increased diesel use and increased fugitive emissions (refrigerants). Our diesel usage increased significantly in 2018 as a result of failing electrical infrastructure and cable theft. In some instances retail properties were reliant on diesel generators for periods in excess of a week.



Our Scope 2 emissions have remained in line with 2017 Scope 2 emissions. However, on a like-for-like basis, excluding emissions from new developments or major refurb, our Scope 2 emissions have decreased by 8%.



\* Excludes: Extrapolated data, acquisitions, disposals and developments



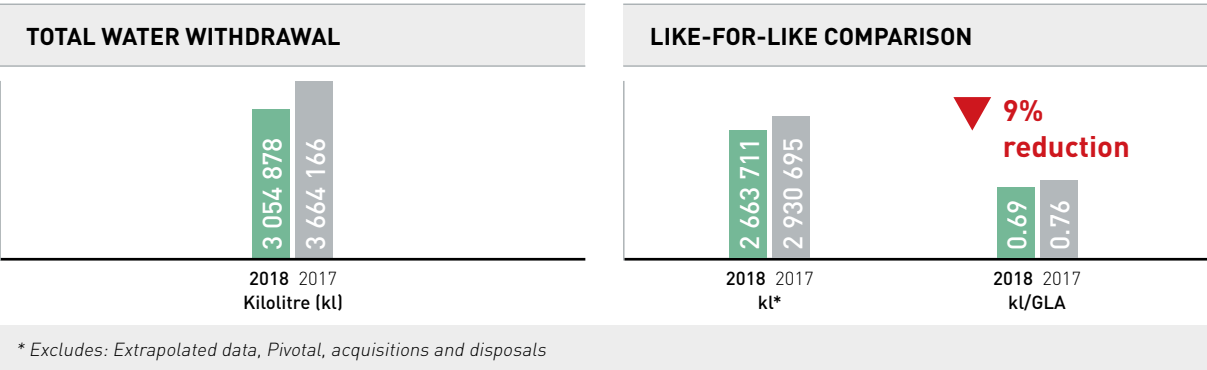
## CDP, formerly the Carbon Disclosure Project – Climate change

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

## Water footprint

In South Africa, we are facing a growing gap between water supply and demand. Monitoring and reducing our water usage is, therefore, a crucial practice from both a commercial and moral perspective.

2018 marked the third year of completing an annual water footprint. Using a like-for-like comparison of properties in the portfolio in 2017 and 2018, our water footprint has reduced by 9.11%. We have also implemented a number of operational measures to reduce our water consumption (see page 27). Our total water withdrawal footprint for 2018 was 3 054 878 kL, which is 17% less than our total water withdrawal in 2017.



## CDP – Water

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

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

## Waste footprint

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

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






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

## Our green building journey

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

Redefine registered as a member of the Green Building Council South Africa (GBCSA) in 2013, and focuses on building all new developments to a minimum Green Star rating of level 4, as certified through the GBCSA's assessment criteria on design and as-built basis. We have also continued the journey of pursuing Green Star SA ratings on our existing buildings.

To date, we have rated 33% of our office GLA, and hold 44 Green Star SA certifications. During 2018, we registered a further 30 (2017: 20) of our office buildings for Green Star SA ratings under the Existing Building Performance (EBP) tool from the GBCSA. These ratings will be completed during the 2019 financial year, which will bring our total Green Star SA ratings to 74. Seven of our certified buildings in the Black River Park precinct have also been submitted for recertification in 2018 due to the expiration of their certifications.

	14 Green Star SA certifications in FY2016		Design and as-built ratings targeting 4-star minimum
	Now 44 Green Star SA certifications		Standard practice through implementation of Green Star SA-approved policies and procedures
	30 EBP ratings underway FY2018/19		
33% of our office GLA are Green Star SA-certified			

During the GBCSA's 2018 Green Star South Africa Leadership Awards, we were awarded runner-up for the property investor/owner with the highest number of certifications.

Since our tenants account for a significant portion of our electricity and water usage, we have developed a tenant green-guideline as part of our Green Star rating journey, and we encourage tenants to use this guideline, especially in our Green Star-rated properties. The guideline intends to ensure environmentally friendly energy- and water-efficient products throughout the building.

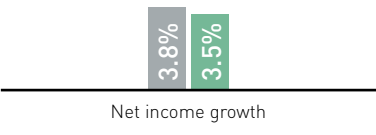
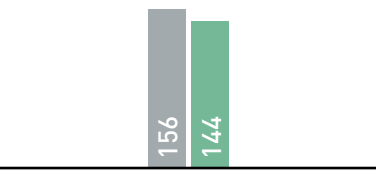

We continue to pursue certifications with the GBCSA, because we believe it adds value to our buildings and, therefore, our business.

### THE BUSINESS CASE FOR GREEN

The benefits of green buildings, green leases and sustainability initiatives are multi-tiered. In some instances we expect to see short-term or immediate financial benefits, whereas with specific initiatives, benefits are expected to materialise over the long term, or they may not be entirely quantifiable.

	<b>DEVELOPER</b> Why <b>build</b> a green building?	<div>→ Higher sales price</div> <div>→ Quicker sales</div> <div>→ Letting</div>	<div>↖ Ability to secure finance</div> <div>↖ Rapid return on investment</div> <div>↖ Increased market value</div> <div>↖ Reduced vacancies</div>
	<b>OWNER</b> Why <b>own</b> a green building?	<div>→ Slower depreciation</div> <div>→ Increased occupancy rates</div> <div>→ Lower valuation yield</div>	<div>↖ Lower refurbishment costs</div> <div>↖ Corporate image and prestige value</div> <div>↖ Compliance with legislation and CSR requirements</div>
	<b>TENANT</b> Why <b>lease</b> a green building?	<div>→ Health and wellbeing</div> <div>→ Increased productivity</div>	<div>↖ Reduced downtime</div> <div>↖ Lower operating costs</div> <div>↖ Lower maintenance costs</div>

In 2018, we participated for the first time in the MSCI index, and our data formed part of the results. Below are some of the quantifiable impacts across the sector of green on the bottom line:



















2018 MSCI INDEX		GREEN STAR SA – EXISTING BUILDING PERFORMANCE RATINGS AND SCORES	
			
Net income growth			
			
Net income per m² per month			
			
Vacancy rate			
<div><div></div>Green Star-certified prime and A-grade offices</div> <div><div></div>Non-Green Star-certified prime and A-grade offices</div>			
Property	Rating score	Rating stars	
Black River Park Gatehouse	78	★★★★★★	
Black River Park Collingwood	77	★★★★★★	
Black River Park – The Old Warehouse	76	★★★★★★	
Black River Park – The Terraces	69	★★★★★★	
Black River Park Central Building	66	★★★★★★	
Observatory Business Park	62	★★★★★★	
Black River Park – Park Building (SITA)	57	★★★★★★	
Kimberley-Clark House	54	★★★★★★	
18 The Boulevard	50	★★★★★★	
Convention Tower	49	★★★★★★	
Black River Park – The Media Building	49	★★★★★★	
Crawford	49	★★★★★★	
Kernick House	48	★★★★★★	
Stonewedge	48	★★★★★★	
2 Fricker Rd	47	★★★★★★	
Warich Close	47	★★★★★★	
Essex Gardens – Buckhurst Building	47	★★★★★★	
The Avenues	46	★★★★★★	
Delmat House	45	★★★★★★	
Wembley 2	44	★★★★★★	
Centurion Gate	43	★★★★★★	
90 Grayston Drive	43	★★★★★★	
Cedarwood House	42	★★★★★★	
CIB Insurance	42	★★★★★★	
Duncan Street	41	★★★★★★	
Yellowood House	36	★★★★★★	
Thabakgalo	31	★★★★★★	
The Towers	22	★★★★★★	
























# Our green building journey (continued)







## Our holistic green building approach

To ensure we manage the negative impacts and increase the benefits derived from our buildings, we use the following framework:

	AREA OF FOCUS	OUR 2018 PERFORMANCE	PROGRESS DURING THE YEAR
Efficient heating, ventilation and air-conditioning (HVAC) systems			
	Reduced use of harmful refrigerants. Installation of efficient equipment and systems such as variable speed drives or ice plants	 (2017:  )	Increased data availability and measurement to improve management. Ongoing implementation of policy dictating gradual replacement of harmful refrigerants
Renewable energy sources			
	Alternative energy sources reduced the carbon footprint of the building	 (2017:  )	Installed 22 448 kWp solar PV capacity to date
Indoor air quality and thermal comfort			
	Measurement of volatile organic compounds, CO <sub>2</sub> , CO and degrees Celsius to ensure air quality. Improved air quality and thermal comfort result in higher occupancy productivity	 (2017:  )	Pre-certified GBCSA-approved internal air quality management plan implemented in 50 buildings to date
Low-emitting materials			
	Using non-toxic materials such as low volatile organic compound paints improves air quality and environmental impact	 (2017:  )	Pre-certified GBCSA-approved hardscape management plan implemented in 50 buildings to date
Natural light			
	Natural light reduces energy costs and enhances occupancy experience	 (2017:  )	Access to natural light is inherently part of our new development design process. Opportunities in existing buildings to be explored in future
Biodiversity			
	Review and manage impacts on ecological systems and biodiversity	 (2017:  )	Compliance with developments; however, we have identified biodiversity as a focus area in our existing buildings for 2019

	AREA OF FOCUS	OUR 2018 PERFORMANCE	PROGRESS DURING THE YEAR
Green spaces			
	Green roof spaces may reduce energy use. Community garden projects integrate space into communities	 (2017:  )	Redefine's approach to integrating spaces into communities is again evident in the design of its new Rosebank Link development
Alternative transport opportunities			
	Reduced carbon emissions through the availability and access to shared and/or alternative transport opportunities	 (2017:  )	Pre-certified GBCSA-approved green travel plan implemented in 50 (2017: 29) buildings to date
Energy-efficient lighting			
	Reduced energy costs and improved light quality for occupants	 (2017:  )	3 517 289 kWh (2017: 2 971 000 kWh) savings in 2018 as a result of retrofit projects
Green cleaning			
	Using biodegradable products reduces the environmental impact of the building	 (2017:  )	Pre-certified GBCSA-approved policy implemented in 50 buildings to date
Metering and monitoring			
	Installation of smart metering to identify energy and water savings opportunities and influence behavioural drivers	 (2017:  )	A total of 6 006 smart meters are deployed across the portfolio, with 2 213 meters installed in 2018
Operational efficiency			
	Smart operations decrease the waste of natural resources and increase the lifespan of equipment	 (2017:  )	Pre-certified GBCSA-approved policy for landscape, hardscape, stormwater and pest management implemented in 50 buildings to date
Waste-to-value opportunities			
	Recycling and reusing waste to generate sources of heating, cooling or energy for the building while reducing waste-to-landfill	 (2017:  )	Second comprehensive waste footprint conducted. 24% (2017: 23%) of our total GLA is managed by outsourced waste management contractors who have recycled a total of 43% of all waste collected

## Our green building journey (continued)

	AREA OF FOCUS	OUR 2018 PERFORMANCE	PROGRESS DURING THE YEAR
Water security, treatment			
	Solutions to mitigate water security and quality risks	 (2017: ▼)	Numerous solutions to reduce water consumption and ensure security of supply implemented in 2018 (see <a href="#">page 27</a> )
Tenant green-guidelines			
	Solutions to mitigate water security and quality risks	 (2017: 🔄)	Developed a tenant green-guideline, providing a best practice environmental framework implemented in 50 (2017: 21) properties
Acoustics			
	Improved acoustics increase occupancy comfort and can be achieved through quiet HVAC systems and the use of sound-absorbing materials	 (2017: 🔄)	Pre-certified GBCSA-approved operational guideline implemented in 50 (2017: 29) buildings to date
▲ Achieved target   🔄 Still in progress/ongoing   ▼ Did not achieve target			

## Responding to the need to reduce our impacts

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

### Managing through measurement

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


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

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

## Optimising energy usage


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

MWh savings per GRESB category	2018	2017	2016
High-efficiency equipment	7 182	2 648	1 005
On-site renewable energy	19 879	7 359	3 364
Total	27 061	10 008	4 369

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

## The growing imperative of renewable energy

We believe that solar energy will be a long-term profit driver for the group. Solar power currently represents the cheapest and most sustainable way to generate renewable electricity. Besides producing no emissions and being silent, the panels furthermore shield vast amounts of roof space from direct sun, leaving it cooler and further lowering energy consumption. The technology has also improved to such an extent that efficiencies are continually improving as prices fall.


 Sustainability projects such as these not only considerably **reduce our carbon footprint**, but also provide **formidable financial returns**. It is beneficial synergies such as these that suggest a way forward as we take on the challenges in the current economic and environmental climates.

For alternative energy sources, we have invested solely in solar PV solutions to date due to the superior financial returns of the technology compared to other smaller-scale renewable energy solutions.

### Installed solar PV to date

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

The total cost savings achieved from existing plants and plants commissioned during the year was R29.8 million (2017: R12.2 million). Our solar PV fleet will produce approximately 34.68 gigawatt hours per annum with approximately 70 000 panels, which is equivalent to supplying electricity to more than 4 500 households. Once fully operational, our solar PV fleet will generate just short of 5% of Redefine's total electricity requirements.

 We are proud that Redefine was recognised by the **South African Facilities Management Association at its recently concluded awards gala and received gold for this technology implementation.**

# ■ Responding to the need to reduce our impacts (continued)

## Recently completed projects

We completed a number of solar PV installations during the 2018 financial year, which will contribute towards achieving our renewable energy goals.

Building	Completion date	Installation (kWp)	Expected annual production (kWh)	Expected initial yield rate (%)
Stoneridge Mall	November 2017	2 496	3 800 000	14.48
Langeberg Mall	October 2017	1 390	2 150 000	12.36
Moreleta Plaza	January 2018	363	560 000	11.48
Centurion Lifestyle Centre	March 2018	2 925	4 533 750	12.93
Horizon Shopping Centre	April 2018	1 100	1 705 000	13.37
Park Meadows	July 2018	1 900	2 945 000	13.37
Gateway Corner	July 2018	750	1 162 500	13.15
Shoprite Park	May 2018	1 639	2 540 915	10.07
Hazeldean Square	August 2018	943	1 366 625	11.52

## Solar PV projects

We have a number of completed solar PV projects that have been in operation for 12 months. These projects have performed well, as can be seen below.

Building	Size (kWp)	Capex (R)	2018 income (R)	2018 yield (%)
Matlosana Mall	2 573	34 089 600	5 560 014	16.31
East Rand Mall	462	7 053 093	977 702	13.86
Boulders Phase 1	500	8 279 000	1 290 846	15.59
Boulders Phase 2	503	7 625 000	1 290 846	16.93
Black River Park	1 560	27 408 770	2 940 899	10.73
Wembley Square	549	7 984 205	706 142	8.84
Wonderboom Junction	1 152	16 934 550	2 774 196	16.38
90 Rivonia	108	2 345 567	159 563	6.80
90 Grayston	50	1 034 898	76 908	7.43
Shoprite Alberton	350	7 014 793	730 907	10.42
Total	7 807	119 769 476	16 508 022	13.78

## Continued development

We are continuously exploring further deployment opportunities. The installation of another 1 411 kWp capacity is in progress, which will be completed within the next two to three months.

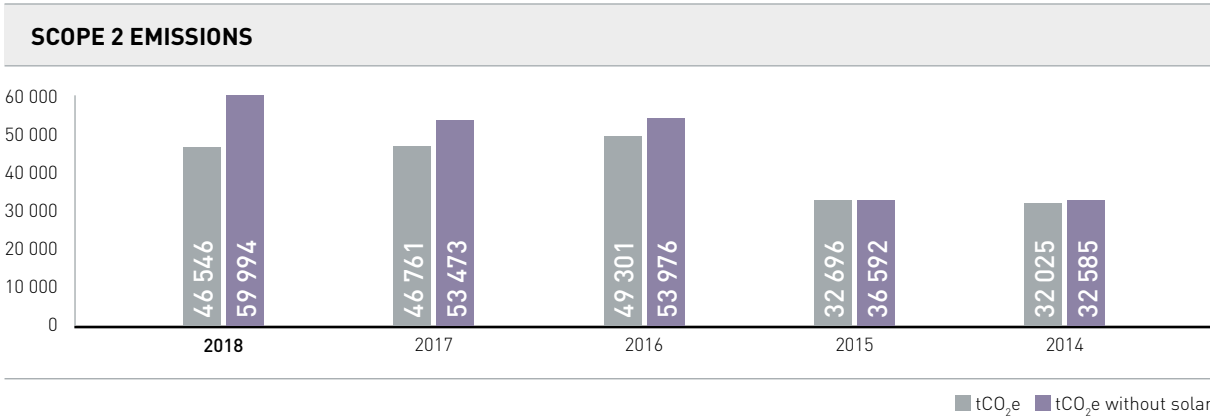
## Regulatory context for renewable energy

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

## Impact on our carbon footprint

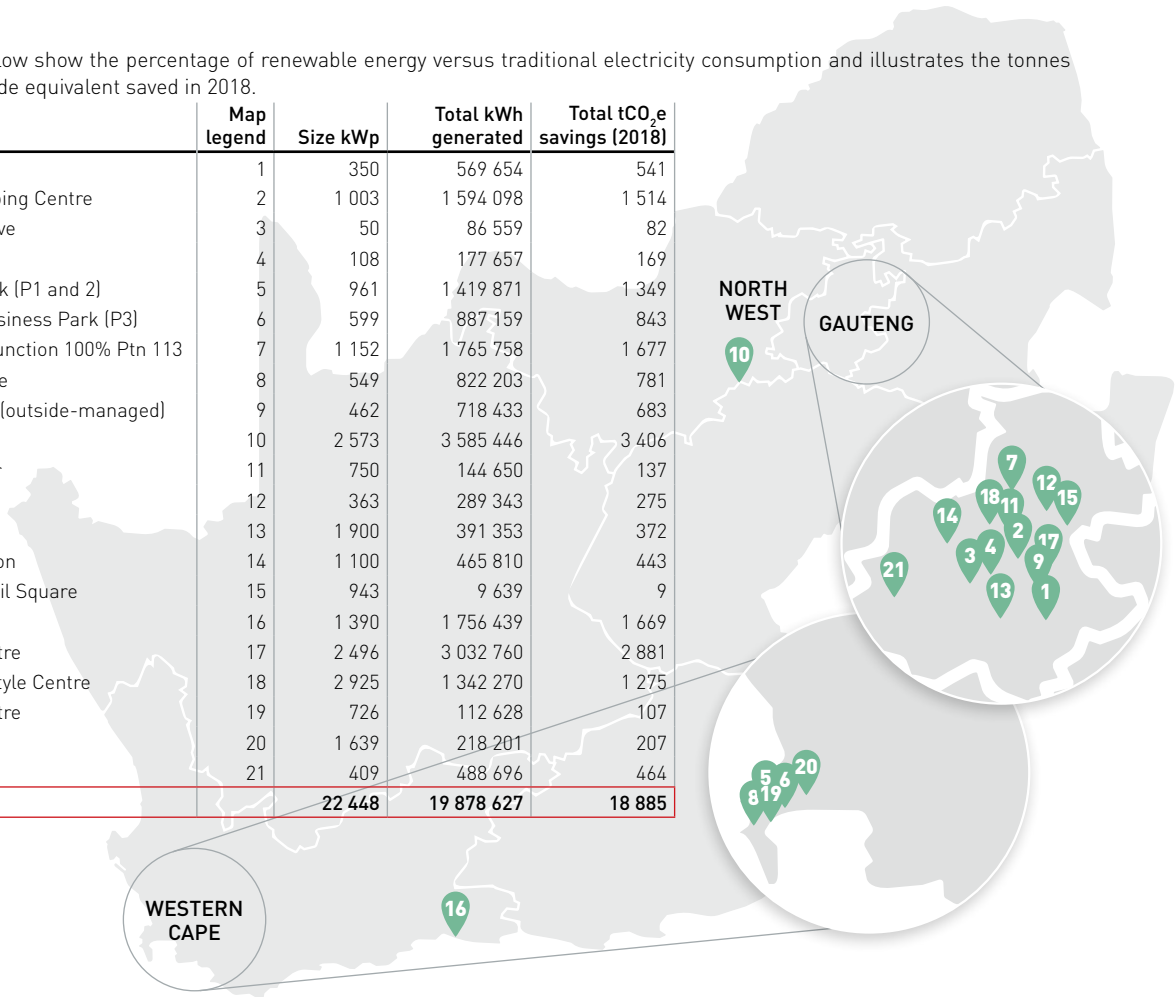
In addition to the financial returns from the installation of solar PV plants, this renewable source of energy has the potential to drastically reduce carbon emissions. Our total solar PV installed capacity to date equates to an indicative carbon saving of 33 000 tCO<sub>2</sub>e.

The table below shows the impact of renewable sources of energy on our Scope 2 emissions.



The graphs below show the percentage of renewable energy versus traditional electricity consumption and illustrates the tonnes of carbon dioxide equivalent saved in 2018.

Property	Map legend	Size kWp	Total kWh generated	Total tCO <sub>2</sub> e savings (2018)
Alberton Mall	1	350	569 654	541
Boulders Shopping Centre	2	1 003	1 594 098	1 514
90 Grayston Drive	3	50	86 559	82
90 Rivonia Road	4	108	177 657	169
Black River Park (P1 and 2)	5	961	1 419 871	1 349
Observatory Business Park (P3)	6	599	887 159	843
Wonderboom Junction 100% Ptn 113	7	1 152	1 765 758	1 677
Wembley Square	8	549	822 203	781
East Rand Mall (outside-managed)	9	462	718 433	683
Matlosana Mall	10	2 573	3 585 446	3 406
Gateway Corner	11	750	144 650	137
Moreleta Plaza	12	363	289 343	275
Park Meadows	13	1 900	391 353	372
Village at Horizon	14	1 100	465 810	443
Hazeldean Retail Square	15	943	9 639	9
Langeberg Mall	16	1 390	1 756 439	1 669
Stoneridge Centre	17	2 496	3 032 760	2 881
Centurion Lifestyle Centre	18	2 925	1 342 270	1 275
Kenilworth Centre	19	726	112 628	107
Shoprite Park	20	1 639	218 201	207
Cradlestone	21	409	488 696	464
Total		22 448	19 878 627	18 885





■

# Responding to the need to reduce our impacts

(continued)

REACHING NET-ZERO CARBON EMISSION

With the aim of reaching net-zero carbon emission, we extrapolated preliminary estimations of the technical potential of our portfolio. Below, we illustrate the restrictions impacting our technical potential of reaching net-zero carbon emission.

Financial	Estimated investment <b>R10.3 billion</b>	<b>R718 million</b> savings in electricity cost annually	Payback period of <b>14-16 years</b> , often in excess of expected equipment lifespan
Technology	<b>Lack of available space</b> for onsite renewable energy	Technology <b>efficiency limitations</b> to get to net-zero	<b>Overly complicated</b> technology requiring more and higher-skilled resources
Buy-in	At least <b>33%</b> of required reduction is in the hands of tenants	Prohibitive investment, especially considering <b>lease period</b>	Uncertain <b>economic and political outlook</b> and lack of long-term investment vigour
Regulatory	Embedded generation restrictions as per <b>Electricity Regulation Act</b>	<b>Unclear guidelines</b> stalling potential investment and development	Lack of <b>wheeling</b> opportunities

Despite these challenges, we continue to explore ways to reduce our impact on our natural capital with the view to achieving zero impact.

## Focusing on water efficiency

Water control devices have been installed at all our Cape Town properties, and we are rigorously examining current usage practices.

SMART WATER METERING AND WATER SAVINGS AT BOULDERS SHOPPING CENTRE

As part of Redefine’s smart water metering roll-out, three bulk check meters were installed at Boulders Shopping Centre to actively monitor water consumption and assist with leak detection. Consumption patterns from the live data immediately provided us with insights on the centre’s water usage and opportunities to reduce water consumption.

The building has two main water supplies, supplying the retail and office areas of the building. The after-hours water consumption of both these sections was alarming. To better understand and remedy the problem, we engaged with industry professionals. The solution suggested was to install smart valve technology that acts as an automatic shutdown system when necessary. For safety reasons, the building’s fire system is not affected, and the installation of backup water tanks ensured that the building’s night staff still had access to running water. These smart valves were installed in June 2018.

The total smart valve installation capex amounted to R67 000, while the annual water savings as a result of this installation totalled R665 000.

Due to the success of the automatic shutdown system pilot at Boulders Shopping Centre, we are deploying this technology throughout our portfolio where necessary and feasible.

**We have installed backup water solutions at 13 strategic properties in Cape Town. This R40 million investment reduces our consumption of potable water by 800 000 litres per day.** All of our Cape Town properties were provided with backup storage tanks of non-potable water, which is transported from the aforementioned sites where we have boreholes. Our backup capacity offers at least five days’ supply of non-potable water for ablutions at any time.

TOTAL SMART VALUE VALVE INSTALLATION CAPEX

R67 000

ANNUAL WATER SAVINGS

R665 000

Other practical, targeted interventions include:

	<b>Common area ablutions</b>	Every flush counts. We have installed water-saving devices such as flow reduction valves and tap aerators. During the cleaning of our ablutions, we’ve excluded the unnecessary flushing of toilets and urinals, saving up to eight litres of water per flush. Although waterless urinals were investigated in 2017, the challenges and hygiene risks associated with these were deemed a barrier to installation.
	<b>Air-conditioning</b>	Central air-conditioning plants use a substantial amount of water. For this reason, we are disconnecting the chiller plant of all central air-conditioning plants in our properties every Wednesday, in support of the Waterless Wednesday campaign. While the fresh air supply fans remain functional, our tenants are encouraged to plan their Wednesdays accordingly. Over and above this, Redefine is investigating changing, where possible, the chiller plant systems to air-cooled plant systems. This would entail replacing an air-conditioning unit cooled by water with a unit that is cooled by air. In the meantime, wastewater from air-conditioning will be harvested for use in ablutions.
	<b>Irrigation</b>	Our strong focus on eliminating all but the most necessary water usage has led to all irrigation systems being disconnected unless they are serviced by reclaimed groundwater.
	<b>Leak detection</b>	We have employed the services of a leak detection company to review bulk intake from council and consequential loss of water at properties. This water usage audit has commenced with four commercial properties, and we will address any reported problems immediately.
	<b>Every drop counts</b>	Our ‘every drop counts’ campaign offers advice and useful information to our tenants on all the ways they can use less water.


# Promoting biodiversity

Non-native and exotic species of plants often require greater care in the form of water, fertiliser and pesticides. They can spread aggressively, dominating whole areas, resulting in the disruption of ecosystems and diminishing biodiversity. Native plants, on the other hand, are a functional part of local ecosystems and thrive without soil modifications, chemicals, or excessive water.

Wherever possible, Redefine strives to make a positive contribution to biodiversity in the local environments of all new developments. We analyse our developable land, ascertaining whether there are any vulnerable species or sensitive ecological units, before developing. When necessary, practical measures are implemented to protect these species.

All plants used in landscaping for new developments are deemed to be endemic to Johannesburg and can, therefore, withstand local climatic conditions and grow with minimal watering. Furthermore, we seek to replace impermeable surfaces, bare ground and weed-infested areas with endemic and indigenous landscaping.

Through this targeted approach, we can contribute positively to the biodiversity in local environments. See below for more information.




2 PYBUS

<b>Biodiversity assessment (Yes/No)</b> No – Green Star ecological calculator	<b>Biodiversity management plan (Yes/No)</b> No – Change of ecological value short report, and landscape schedule
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**Details of assessment/management plan**

- Located within the Gauteng urban edge, with a landscape classification of ‘urban and built-up’
- The site is therefore located within urban area and unallocated bioregion for the purpose of Green Star
- In addition, the site is classified as ‘brownfield’ as 100% of the site has been previously developed and falls in an urban environment
- The site is a redevelopment of a previous commercial property
- The surrounding landscape comprises commercial and residential property, with little to no natural open spaces available that would support fauna and flora populations
- The site is not located on land with a confirmed presence or high probability of threatened red species or within a defined buffer relevant to the habitat (ecologist can confirm)
- 100% of the site was previously developed, therefore no threatened or vulnerable species or sensitive ecological units were present at time of purchase
- All plants specified by the landscape architect for the new development are deemed to be endemic to Johannesburg and can therefore withstand local climatic conditions
- The plants specified for the new development can grow with minimal watering and thus reduce water demands
- The ecological value of the site is not diminished and is only enhanced beyond the previous existing state
- On the purchased brownfield site, the new development is designed to replace impermeable surfaces, bare ground and weed-infested areas with endemic and indigenous landscaping




BRACKENGATE 2

<b>Biodiversity assessment (Yes/No)</b> Yes	<b>Biodiversity management plan (Yes/No)</b> Yes
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**Details of assessment/management plan**

Basic assessment process (environmental impact assessment) was followed to obtain Environmental Authorisation (EA) in terms of the National Environmental Management Act 107 of 1998. As part of the process, biodiversity studies were undertaken (vegetation assessment and freshwater impact assessment) for the development. Further to this, an approved Environmental Management Programme (EMPr) and Maintenance Management Plan (MMP) (for proposed changes to the Kuils River) is in progress for the development.

The development further received a Water Use License (WUL) in terms of the National Water Act 36 of 1998 for the amendments to the Kuils River.



ATLANTIC HILLS

<b>Biodiversity assessment (Yes/No)</b> Yes	<b>Biodiversity management plan (Yes/No)</b> Yes
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**Details of assessment/management plan**

On the back of an approved environmental impact assessment, approved addendum to the environmental authorisation obtained in terms of the National Environmental Management Act 107 of 1998 and Part 2 of the Environmental Impact Assessment Regulation 2014, for the amendment of the environmental authorisation issued on 3 January 2012 and the amended environmental authorisation issued on 3 June 2016.

## Engaging with our tenants on sustainable usage of materials

Our approach to the use of sustainable materials is an integral part of our green building journey. We continuously engage with our tenants on the sustainable use of materials and have developed a guideline for use in our properties. In addition, through various campaigns, we seek to create awareness regarding key sustainability issues and, in this way, enable a shift in behaviour.



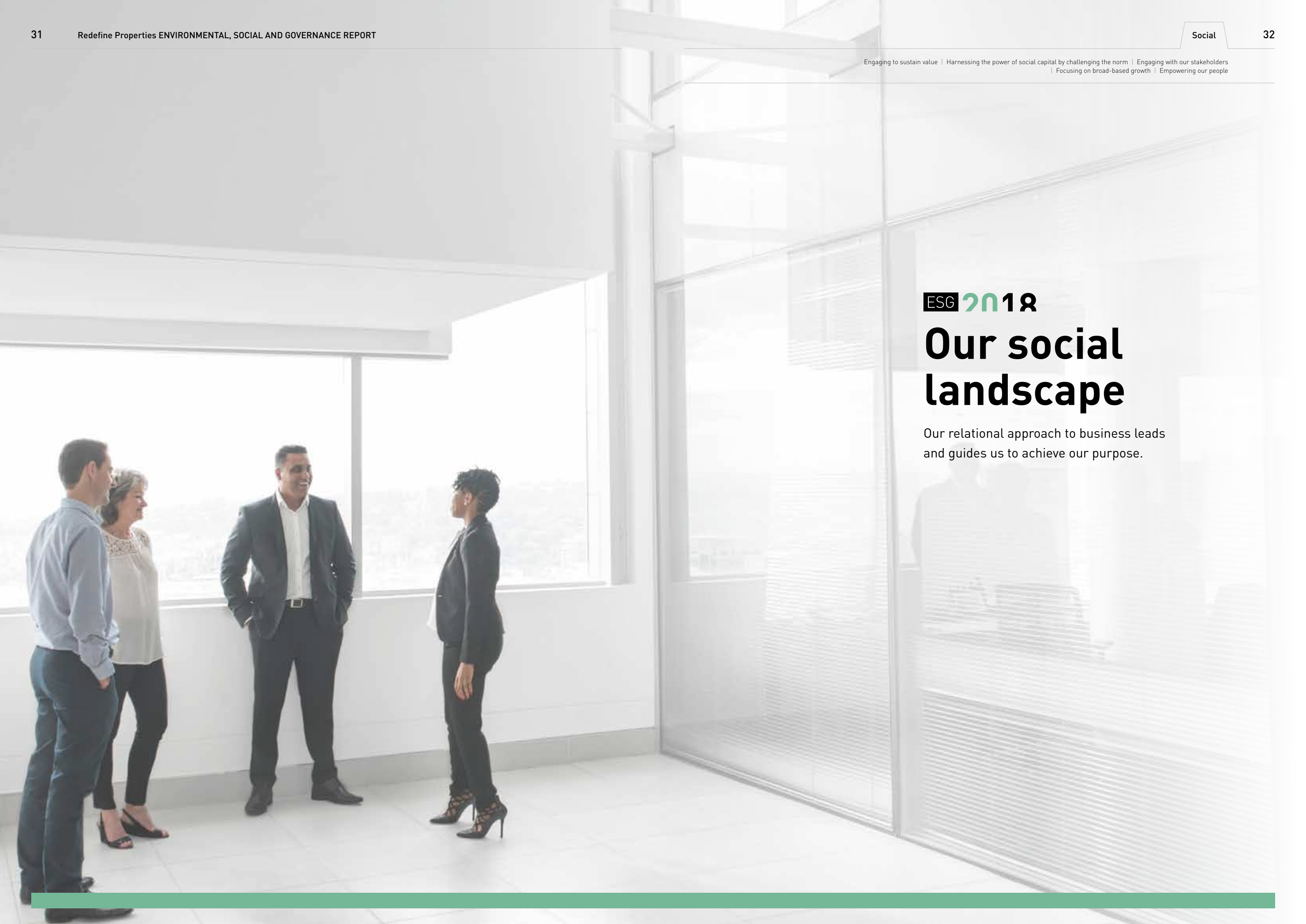


Engaging to sustain value | Harnessing the power of social capital by challenging the norm | Engaging with our stakeholders  
| Focusing on broad-based growth | Empowering our people

ESG 2018

# Our social landscape

Our relational approach to business leads and guides us to achieve our purpose.





# Engaging to sustain value

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

INVESTORS AND FUNDERS	
<p><b>Why we engage</b></p> <p>By understanding our funders and investors' requirements and meeting their value expectations, we grow trust in our organisation, which strengthens our access to capital</p>	<p><b>How we engage</b></p> <ul style="list-style-type: none"><li>→ Our corporate website serves as a key information platform</li><li>→ Annual and interim results presentations</li><li>→ One-on-one engagements with investors and funders during key events, including results, pre-close calls, specific transactions and topics such as ESG</li><li>→ Property tours</li><li>→ Electronic announcements (in the form of 'breaking news' emailers)</li><li>→ Editorial coverage in property sector and financial media, as well as thought leadership pieces</li><li>→ Attendance of industry and investor conferences</li><li>→ The integrated report</li></ul>
<p><b>Issues raised</b></p> <ul style="list-style-type: none"><li>→ Consistency in delivery on the strategy</li><li>→ Complex structure – too much diversification and multiple entry points</li><li>→ LTV levels too high</li><li>→ Sustainability of non-recurring earnings</li><li>→ Transformation strategy satisfactory at board level, but to be cascaded throughout the organisation</li><li>→ Succession planning for senior leadership</li><li>→ Appointment of independent non-executive chairperson welcomed</li></ul>	<p><b>Our strategic response</b></p> <ul style="list-style-type: none"><li>→ We communicate our long-term focus and strategy through our <b>IR</b></li><li>→ We remain committed to address concerns around the complex structure, LTV and non-recurring income and, while some of these are medium-term projects, we are committed to communicate openly and honestly, and disclose detailed breakdowns of these items</li><li>→ We elaborated on our transformation strategy in this report, and also presented our transformation strategy during engagements. Transformation remains a challenge and is a key priority going forward</li><li>→ We continue to communicate our governance practices clearly and transparently through various mediums</li><li>→ In the current economic climate, we have increased engagement and exposure to senior management by introducing a roadshow and one-on-one meetings prior to our closed periods</li></ul>

EMPLOYEES	
<p><b>Why we engage</b></p> <p>Our employees are fundamental to growing our brand and to the delivery of a high-quality service. We believe that employee engagement is key to maintaining a motivated and aligned workforce</p>	<p><b>How we engage</b></p> <ul style="list-style-type: none"><li>→ One-on-one interactions between staff and line managers</li><li>→ Employee surveys</li><li>→ Staff events</li><li>→ Intranet and electronic newsletters</li><li>→ Rewards and recognition programme</li><li>→ Communication from the chief executive officer (CEO)'s office</li><li>→ Performance reviews and exit interviews</li><li>→ Internal roadshows and presentations</li><li>→ Wellness programme offering financial, physical and emotional wellness support</li></ul>
<p><b>Issues raised</b></p> <ul style="list-style-type: none"><li>→ A need for two-way communication across multiple platforms</li><li>→ Integration of new employees from acquired portfolios to make them feel part of the culture</li><li>→ Transformation at all levels</li><li>→ Fair and market-related remuneration</li><li>→ Career development opportunities</li><li>→ Access to mentorship and coaching programmes</li><li>→ Flat organisational structures, our acquisitive nature and low staff turnover are barriers to promotional and career opportunities</li></ul>	<p><b>Our strategic response</b></p> <ul style="list-style-type: none"><li>→ Various platforms are utilised and new additions considered to improve internal communication, ensure two-way, streamlined communication in line with latest trends</li><li>→ Our people are encouraged to participate and give feedback to stimulate two-way communication and not a top-down approach</li><li>→ Formalised induction and onboarding programmes ensure information is relevant, clear and easily retrievable for new starters</li><li>→ We acknowledge that we need to improve our efforts to transform the business at all levels and are conscious that we have been slow in doing so. This remains a key priority</li><li>→ Remuneration practices are benchmarked annually against peer and industry companies. We have introduced a total reward statement to create a better understanding of individual remuneration and benefits and to encourage dialogue</li><li>→ We have a long-term staff incentive scheme</li><li>→ We have a rewards and recognition programme, incentivising our employees to be the best at what they do</li><li>→ We support and encourage our staff to improve their skills and capabilities to remain relevant</li><li>→ We consider employee promotions, where suitable, and encourage internal career development</li><li>→ We encourage our people to be innovative, and design jobs that are challenging and stimulating, to foster a culture of ongoing learning</li><li>→ We have a specialist learning and development department to support the business and employees to build capability for future business needs and, in doing so, also focus on employees' development needs, including a newly introduced mentorship and coaching programme</li></ul>



Engaging to sustain value (continued)

TENANTS	
<p><b>Why we engage</b></p> <p>Our business would not survive without our tenants. By understanding and meeting our tenants' needs, but also assisting them to improve their offerings, we encourage lease renewals, which sustain and grow our business. By attracting and upskilling new-generation tenants with innovative solutions, we improve the offerings in our spaces thereby remaining relevant</p>	<p><b>How we engage</b></p> <ul style="list-style-type: none"><li>→ We believe in the value of personal interaction</li><li>→ We have on-site teams on our premises as far as possible</li><li>→ Operational issues are communicated through various platforms, including e-mails and WhatsApp groups</li><li>→ We communicate health-and-safety-related matters, including practice drills</li><li>→ Other communication platforms include:<ul style="list-style-type: none"><li>↗ Print and electronic communication</li><li>↗ Ethics hotline (whistle-blowers)</li><li>↗ Call centre</li><li>↗ Tenant green-guideline</li></ul></li></ul>
<p><b>Issues raised</b></p> <ul style="list-style-type: none"><li>→ Inconsistent service levels throughout the tenant lifecycle</li><li>→ Utility supply interruptions</li><li>→ Increased cost of utilities</li></ul>	<p><b>Our strategic response</b></p> <ul style="list-style-type: none"><li>→ We have installed standby power supply solutions at several of our key retail properties, providing a full backup service, enabling the property to run normally during supply interruptions</li><li>→ We continuously strive to increase the resource efficiency of our properties through environmentally responsible operating methods. This, in turn, reduces operational costs to our tenants</li><li>→ During 2018, progress has been made on the tenant experience management (CRM) system (called <b>STEP</b>), and work continued on the overall strategy to improve tenant experiences</li><li>→ We have a dedicated call centre to field enquires and complaints</li></ul>
PROPERTY BROKERS AND SUPPLIERS	
<p><b>Why we engage</b></p> <p>We are dependant on our suppliers to deliver services in line with our brand promise that affect other key stakeholders (such as shoppers and tenants), and brokers to let out spaces within our portfolio. Therefore their alignment to our brand promise is critical</p>	<p><b>How we engage</b></p> <ul style="list-style-type: none"><li>→ We have an extensive broker incentive programme (REACH)</li><li>→ Our website is a key source of information for brokers regarding their engagement programme (REACH) and our vacancy portal reflecting current vacancies</li><li>→ We assist brokers with information regarding vacant space through site visits, presentations and marketing</li><li>→ We have a team of internal leasing executives to liaise with brokers</li><li>→ We engage with our suppliers throughout our procurement and vendor application process</li></ul>
<p><b>Issues raised</b></p> <ul style="list-style-type: none"><li>→ Information supply and response times</li><li>→ Commission and other payments</li><li>→ Slow-moving deals</li><li>→ Local representation and opportunities to uplift small enterprises</li></ul>	<p><b>Our strategic response</b></p> <ul style="list-style-type: none"><li>→ We have streamlined payment processes to minimise delays</li><li>→ We strive for quick decision-making and simple deal-structuring</li><li>→ We have broadened our engagement strategy with brokers and continuously strive to improve and develop communication platforms aligned to expectations</li><li>→ A procurement process review is scheduled for 2019 – we will use this opportunity to further develop a more extensive engagement strategy for all our suppliers</li></ul>

COMMUNITIES	
<p><b>Why we engage</b></p> <p>Open dialogue and interaction with our communities affords us the opportunity to understand their needs and to further align our business to meeting these needs, but also to manage the impact they have on us, and we have on them. This is how we ensure we create mutually beneficial partnerships to reach our longer-term goals</p>	<p><b>How we engage</b></p> <ul style="list-style-type: none"><li>→ Interaction with communities used to be limited to be channelled through CSI initiatives</li><li>→ Direct engagement through personal interaction within buildings facilitated discussions around concerns</li></ul>
<p><b>Issues raised</b></p> <ul style="list-style-type: none"><li>→ Opportunities within our spaces to improve the lives of communities surrounding them:<ul style="list-style-type: none"><li>↗ Business opportunities for entrepreneurs and local business owners</li><li>↗ Job opportunities for community members and students</li><li>↗ Upliftment and partnerships with local traders</li><li>↗ Collaboration opportunities for NGOs</li></ul></li></ul>	<p><b>Our strategic response</b></p> <ul style="list-style-type: none"><li>→ This year, we launched the <i>Challenge Revolution</i> with the aim of bringing all stakeholders in and around our buildings, including community representatives, tenants, political parties, local government and others, together to determine their needs and create solutions in a collaborative way</li><li>→ <i>The Mentorship Challenge</i> was introduced at the <i>Challenge Convention</i> to provide mentorship opportuniities for the stakeholders around our buildings</li><li>→ We also launched the <i>Innovation Challenge</i> to provide opportunities for young entrepreneurs with innovative ideas</li></ul>
LOCAL AND NATIONAL GOVERNMENT	
<p><b>Why we engage</b></p> <p>By engaging with local and national government, we ensure that their concerns, as well as our own, are heard. In this way, we help create and maintain an appropriate regulatory environment. In doing so, Redefine can operate in a context that provides reasonable certainty which is fair and transparent to all competing participants</p>	<p><b>How we engage</b></p> <ul style="list-style-type: none"><li>→ Personal meetings and relationships with municipal and departmental officials</li><li>→ Written and verbal communication</li><li>→ Tax returns</li><li>→ Formal application and engagement process</li></ul>
<p><b>Issues raised</b></p> <ul style="list-style-type: none"><li>→ Continued contribution to economic growth</li><li>→ Good corporate governance</li><li>→ Compliance with applicable legislation</li></ul>	<p><b>Our strategic response</b></p> <ul style="list-style-type: none"><li>→ We aim to align our community development projects to the National Development Plan. Local government's involvement and inclusion is key to our community engagement</li><li>→ We regularly engage with local authorities and regulatory bodies to improve service delivery and accuracy of billing for utility services</li><li>→ We liaise with council on capital project approval issues, development planning and implementation</li><li>→ We pursue the highest standards of legislative compliance and sound corporate governance</li></ul>

Engaging to sustain value (continued)

MEDIA	
<b>Why we engage</b> Through clear and mutually beneficial communication, the media gains a balanced understanding of our business and people, which it then broadcasts to the public	<b>How we engage</b> <ul style="list-style-type: none"><li>→ Media statements and briefings</li><li>→ Site visits</li><li>→ Access to management</li></ul>
<b>Issues raised</b> <ul style="list-style-type: none"><li>→ Proactive engagement to ensure strategic information is shared efficiently and comprehensively</li><li>→ Timeous responses that provide a true reflection of the facts</li></ul>	<b>Our strategic response</b> <ul style="list-style-type: none"><li>→ We have a full-time communications specialist, as well as a public relations agency, to drive strategic communications and ensure that timeous and accurate information is supplied</li><li>→ A crisis communications strategy is in place and is continuously refined and communicated within the business</li></ul>

DEVELOPMENT PARTNERS	
<b>Why we engage</b> We understand that without our development partners, we would not be able to expand at the pace we are. We work in collaboration with partners to invest in development opportunities, benefiting from our partners' expertise and the resources they supply in the development process	<b>How we engage</b> <ul style="list-style-type: none"><li>→ Sourcing of development opportunities</li><li>→ Conceptualisation of development projects</li><li>→ Joint venture and joint ownership of development projects</li><li>→ Internal development management team</li><li>→ Internal project management and leasing team</li><li>→ Tender processes</li><li>→ Ongoing relationship management in terms of the Redefine value system</li></ul>
<b>Issues raised</b> <ul style="list-style-type: none"><li>→ Fees for services rendered</li><li>→ Cultural fit to Redefine</li><li>→ Value added</li><li>→ Quality of resource</li><li>→ Availability of capital</li><li>→ Knowledge base and industry reputation of partner</li></ul>	<b>Our strategic response</b> <ul style="list-style-type: none"><li>→ We review on a case-by-case basis, under advisement</li><li>→ We ensure fees are market-competitive</li><li>→ We conduct cultural fit assessments</li><li>→ We assess the availability and quality of resources</li><li>→ We perform financial due diligences</li><li>→ We assess the capital funding headroom</li><li>→ We assess the intellectual property and reputational standing of potential partners</li></ul>

PUBLIC	
<b>Why we engage</b> Managing our relationship with the public, especially in and around our shopping centres, is essential as they are the shoppers who support our tenants. Furthermore, the general public impacts on our brand reputation by reporting on their experiences on various platforms (formally and informally)	<b>How we engage</b> <ul style="list-style-type: none"><li>→ Pro-active engagement with retail tenants</li><li>→ Shopping centre marketing, promotions and communications</li><li>→ Pro-active management of communication with local media, as well as social media platforms</li><li>→ Pro-active management of complaints and enquiries</li><li>→ Community forums and engagements</li></ul>
<b>Issues raised</b> <ul style="list-style-type: none"><li>→ Safe, secure environment</li><li>→ Correct tenant mix</li><li>→ Service delivery</li><li>→ Convenient parking and relevant equipment and facilities</li><li>→ Shopping centre events and other forms of entertainment</li><li>→ Management access to manage complaints</li><li>→ Issues during retail redevelopments/refurbishment</li><li>→ Health and safety compliance during development</li><li>→ Environmental impact of our buildings</li></ul>	<b>Our strategic response</b> <ul style="list-style-type: none"><li>→ The security of our staff, shoppers and tenants is of the utmost importance, and therefore security measures are constantly revised within shopping centres</li><li>→ We continue to research and monitor shoppers' needs, as well as risks and opportunities, and are focused on offering the appropriate tenant mix for each centre. We have introduced Admyt, a new ticketless and cashless parking system</li><li>→ We have successfully internalised management of marketing activities and non-GLA spaces to improve the offering and experience in all our malls</li><li>→ We remain focused on improving the shopper and tenant experience during retail upgrades and extensions</li><li>→ Environmental sustainability and the impact of our properties on the immediate surrounding environment is top-of-mind and there are numerous sustainability initiatives in progress</li></ul>

INDUSTRY AND BUSINESS ORGANISATIONS	
<b>Why we engage</b> By participating in and engaging with industry and business organisations, Redefine gains from the sharing of ideas and experiences in these forums, especially on matters affecting the industry as a whole and matters of mutual interest	<b>How we engage</b> <ul style="list-style-type: none"><li>→ Active involvement on improvement of district and business boards of directors, including industry association committees</li><li>→ Presentations at conferences and congresses</li><li>→ Networking events</li><li>→ Partnering with industry organisations to communicate and drive common goals</li></ul>
<b>Issues raised</b> <ul style="list-style-type: none"><li>→ Requires support and participation to ensure knowledge is shared within the industry</li></ul>	<b>Our strategic response</b> <ul style="list-style-type: none"><li>→ We support and actively engage with the relevant boards, committees and industry bodies. Participation and engagement at conferences continue, while opportunities are explored to ensure exposure and to position Redefine as a thought leader in the property space</li></ul>



# ■ Harnessing the power of social capital by challenging the norm

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

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

“If we’re not relevant, we’re not making a meaningful difference.”  
– Marijke Coetzee, head of marketing and communications

## The Challenge Revolution

In a world where change is the only certainty, we need to ensure that we stay ahead of our competitors, adapting to change and, thereby, remaining relevant to ensure we deliver sustained long-term value for all of our stakeholders.

The wave of disruption caused by technology, digital platforms, social media, artificial intelligence, driverless cars, air taxis, online shopping, virtual reality and change on many other levels, is inevitable. Embracing this technological disruption and considering how we adjust our business model to remain relevant and ahead of the curve, is a business imperative.

Combined with this, we also firmly believe that, in our South African context, the biggest potential lies in considering the social landscape and focusing on innovative solutions that will unlock the informal business structures, value chains and entrepreneurial potential by providing opportunities for a ‘new generation’ of future tenants, employees and suppliers – thereby addressing business issues like transforming, filling the skills gap, remaining relevant and offering better experiences in our spaces.

In acknowledging the need to embrace innovation and, more importantly, social innovation, and ensuring it becomes part of the DNA of our business, we formulated an initiative called the *Challenge Revolution*, which was launched shortly after year end. This initiative glues together several major business initiatives to ensure that we make a real difference in the lives of our stakeholders through innovation, skills development initiatives, community engagement and promoting mentorship. The *Challenge Revolution* is the umbrella concept under which the *Challenge Convention* series, the *Innovation Challenge* and *The Mentorship Challenge* all lie.

The three individual initiatives are symbiotically connected – they all challenge us to be the change we wish to see, aligning with our purpose of managing spaces in a way that changes lives. They are connected and underpinned by the ethos of ‘Our people. Our places. Our way.’, which reflects our belief that we need to remain relevant and forward-thinking by considering the people in and around our properties, the spaces in which we operate, and how best we utilise them to overcome the real needs of society in a truly South African context – the Redefine way.



Speaker at the Challenge Convention



## The Challenge Convention

The *Challenge Convention* concept is a live forum-style event, not dissimilar to the TED-talks series, that will enable South African business innovators and recognised mentors to inspire and collaborate with mentees, which includes business students and entrepreneurial-minded innovative thinkers from all walks of life, to debate and discuss topical issues and elevate conceptual thinking to the practical implementation level, delivering tangible outcomes.

The audience will comprise key stakeholders in and around a particular building, including tenants, community leaders and representatives, local council, non-profit organisations, young entrepreneurs and students.

### WHY IT MATTERS TO OUR BUSINESS

The communities that surround our buildings do not only have the potential to cause disruption through expressions of social unrest such as riots; they also present an unmatched opportunity. These are the individuals who shop at our malls, who work in our office spaces or who will rent more office space as their businesses grow – or they could be, if they were presented with the right opportunities.

Our work in the mentorship space over the last year has opened our eyes to the power of connecting people with the resources they need to thrive. The *Challenge Convention* will serve as a platform for this connection. It will also provide us, as a business, with the benefit of deep insight. By fostering two-way engagement with our stakeholders, specifically our tenants and community members, and identifying key community role-players to facilitate ongoing participation, we ensure we keep our finger on the pulse – proactively mitigating risks and capturing opportunities.

We are rolling out a series of *Challenge Convention* events, and the first one took place at Maponya Mall in October 2018.

### Challenge Convention fun facts

- 224 guests**, made up from the community, tenants and young entrepreneurs
- Special appearance** – Dr Richard Maponya
- 4 cinemas used**
- Celebrity host, Sibusiso Leope** – aka DJ Sbu, brand ambassador for the Redefine *Innovation Challenge*
- 12 FNB Philanthropy experts** to facilitate meaningful stakeholder conversations
- 7 speakers** (including Andrew König, Marc Wainer, Ludwick Marishane, Anele Mda, Wandile Zondo, Howard (the mall manager) and Seth Mulli (new host of *The Mentorship Challenge*)

## The Innovation Challenge

The initiative involves a national competition whereby the general public submit ideas on how we can better engage with and meet our stakeholders’ needs, integrate community needs, improve experiences, but also remain relevant, embracing technology and offering creative solutions in our spaces.

The prize structure, in itself, speaks to innovation and the fact that we do not live in a one-size-fits-all world. The competition promises a prize of up to R1 million in cash, plus the opportunity to negotiate additional support to the value of R9 million, which can take the form of space, monetary support, study assistance or concept acquisition. The magnitude of the prize signals that Redefine is serious about idea acquisition, community collaboration and upliftment.



▲ Print advert for the Innovation Challenge

### WHY IT MATTERS TO OUR BUSINESS

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

The *Innovation Challenge* is the answer to the question we have been asking ourselves: How do we encourage or acquire innovative ideas that will integrate our stakeholders’ needs and keep us ahead of our competition in our fiercely competitive space?

The *Innovation Challenge* will open the door for real collaboration between Redefine and the communities in which we operate, to show that we are truly vested in making a difference. We want to inspire entrepreneurship and encourage personal growth through the mentorship offered to our top finalists.

Through this engagement initiative, we hope to generate implementable ideas that will set Redefine apart, but also make a meaningful difference to our stakeholders by integrating community needs into our spaces, improving tenant experiences and uplifting potential entrepreneurs who are selected as finalists.

Furthermore, we launched our internal innovation initiative, called *Spark Innovation*, at our annual roadshow. For more, please see **page 54**.



# ■ Harnessing the power of social capital by challenging the norm (continued)

## The Mentorship Challenge

The *Mentorship Challenge* show, hosted by Marc Wainer who is not only our executive chairman, but also a seasoned entrepreneur in his own right, together with his experienced guests, looks at issues such as the lack of mentorship opportunities, skills shortages, start-up challenges and employment opportunities for youth in South Africa.

During the year, we were honoured to receive silver in the sponsorship category at the prestigious PRISM Awards for *The Mentorship Challenge, with Marc Wainer*. The PRISM Awards are Africa’s most sought-after awards in the public relations industry and are now in its 20th year. PRISM Awards are presented for having successfully incorporated strategy, creativity and professionalism into communication programmes. The show was also rewarded with two Assegai awards, gold in the Best Social Media category and silver for the Online Campaigns category.

During 2019, we will record live footage of *The Mentorship Challenge* Season 2 at the *Convention Challenge* and other live events, providing dynamic content for the TV show episodes and tying in the theme of mentorship.

### WHY IT MATTERS TO OUR BUSINESS

We believe that the show is a true embodiment of Redefine’s brand positioning – ‘We’re not landlords. We’re people.’ – and our commitment to sustainable social initiatives. By producing Season 2 at our *Challenge Convention* events, we open the opportunity to key stakeholders in and around our buildings to participate and benefit from the programme.

“We believe that, in our socio-economic climate, the show is particularly relevant. In *The Mentorship Challenge*, we found an innovative way to make a real difference in people’s lives and demonstrate our commitment to our country and its future leaders.

**Mentorship serves as a guiding hand out of poverty to success – securing a better and stronger future for South Africa.”** – Andrew König, CEO Redefine Properties

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

### MENTORSHIP MATCH

In the wake of this programme’s success, we are extending *The Mentorship Challenge* to benefit all our employees at Redefine. During the 2019 financial year, we will give our employees the opportunity to register as a mentor or mentee. Employees can then apply to be mentored by any mentor inside or outside of Redefine, and, equally, to impart their knowledge to mentees.

### MANAGERS TO MENTORS LEADERSHIP PROGRAMME

Secondly, we will launch the *Managers to Mentors* leadership programme for line managers in Redefine, where they will be exposed to leadership, coaching and mentorship guidance. There will also be get-togethers called *Managers to Mentors* forums, where mentors will give talks on relevant topics.

Both the *Mentorship Match* and the *Managers to Mentors* leadership programmes aim to fulfil our key human resources objectives of upskilling our people and, more importantly, entrenching a learning culture throughout the group.

“The process of being mentored has boosted my confidence. The moment you have someone who believes in your dream and vision, and is willing to guide you along the way, it makes it all seem possible.” – Langaletu Zulu, mentee

“There’s an immense need for mentorship in our country. So, if you can, why not?” – Ruda Landman, mentor

NUMBER OF HOURS PLEDGED

5 094

NUMBER OF MENTORS REGISTERED

193

NUMBER OF MENTEES REGISTERED

2 700

# ■ Engaging with our stakeholders

We go through a process of analysing our stakeholders and based on our level of impact on them, and their influence on our business decisions, we identify our key stakeholders and set stakeholder goals for each of these. We develop tailor-made engagement strategies for all our key stakeholders. For more information see our [IR](#).

## Supporting our communities

Our communities are but one of our many stakeholders. However, the importance of this relationship cannot be underestimated. Without the communities that surround our buildings, our tenants would not have businesses, and *our* business, therefore, would not exist. They are an integral part of our Redefine family and, as such, are essential to our business planning.

## Formulating a community engagement plan that delivers value

We know that dialogue is critical to building trust and creating value for our stakeholders. That’s why, this year, we have refreshed our corporate social investment (CSI) plans to better serve our communities through an integrated community engagement plan.

Through meaningful discussions, we aim to understand the needs of the communities around our buildings and work with them to develop projects that will make a real difference.

The *Challenge Convention* is one of the platforms we will use to engage with our stakeholders, including our communities, in a two-way discussion to truly understand their needs. In this endeavour, we partnered with the FNB Philanthropy Centre

to assist us with an analysis of our portfolio of properties and, more importantly, to highlight ‘pressing points’ in terms of community issues that have to be addressed. Based on the findings of this analysis, we will develop a roll-out plan to determine where future *Challenge Convention* events will be held and, also, where other short-term projects might be required to address immediate needs.

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

## Forging new relationships based on engagement

During the year, we identified certain projects that were earmarked as being high priority, which needed to be addressed during this financial cycle. During the year, the following work was carried out:

1

CHALLENGE CONVENTION 1: MAPONYA MALL

The first *Challenge Convention* took place in Maponya Mall during October 2018 and, based on the findings and feedback received from our engagements with the community, the community engagement plan will be formulated, aligned to our CSI strategy, to address community issues and needs.

2

S&J: THE HAWK ACADEMY

The second important project that was highlighted and required immediate intervention, was the informal community settlement adjoining our S&J land (an industrial piece of land in Germiston). Engagement with the community and a high-level analysis of their needs commenced to identify the most pressing needs. A key concern raised was the local school, called Hawk Academy.

The Hawk Academy is a government school with very limited resources and infrastructure, and educates learners from grade R to grade 8. Critical priorities for this year included, firstly, erecting a fence around the current school property to ensure the children’s safety, and, secondly, setting up a school library. Redefine partnered with the Abland Foundation in this regard and agreed to contribute 50% of all investment required towards initiatives relating to the school.

The next milestone will be to redevelop the school to meet its needs. Work commenced during the year to determine the safest piece of land in close proximity to the current school and to develop architectural plans.

Finally, we used this as an opportunity to encourage employee participation. A drive to collect books was launched across the country, that was a great success. Furthermore, to leverage the success we previously had with our knitting project, we provided wool and needles to our employees who wished to participate to knit blankets for each child in the school, in their school colours.

OUR INVESTMENT

R687 000

VALUE FOR STAKEHOLDERS

There are approximately 900 learners in the school, ranging from age five to 16

Hawk Academy



Engaging with our stakeholders

(continued)

3

EPIC FOUNDATION

The main objective of the Epic Foundation is the management of various projects and initiatives aimed at assisting victims of rape, abuse and human trafficking. These initiatives and projects support various crisis centers, shelters, hospitals and police stations.

It was brought to our attention that the foundation was no longer able to afford to pay rent and, furthermore, the premises they were occupying did not suit their needs. Redefine offered to assist the Epic Foundation with the relocation to new premises, providing them with this space free of charge. By taking away the necessity of paying rent, the foundation is now able to invest more of its funds directly into the initiatives it was created to pursue. In addition, we invested an amount of R341 000 for tenant installation to ensure the space met their exact requirements.

OUR INVESTMENT

R341 000

VALUE FOR STAKEHOLDERS

Since having moved to their new premises, the foundation has been able to assist over 550 people through their various initiatives

Creating sustained impact through existing sponsorships

We will continue to engage with and support our current charities as we work with them to further align their projects to our strategy and, more importantly, the role they play in the communities around our buildings, whilst developing exit strategies to secure the future sustainability and impact of these projects.

4

BUSKAID

Buskaid Music Academy in Diepkloof, Soweto, is a township project that brings the gift of music to underprivileged children, teaching them to play classical string instruments.

VALUE FOR STAKEHOLDERS

→ 122 students enrolled this year

→ 13 teachers employed – 10 assistant teachers, under the guidance of two full-time teachers and one part-time teacher

→ Assistant teachers are employed from a pool of students who have graduated from the programme

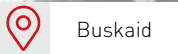
→ The full ensemble of performers consists of 26 musicians who play at concerts under the guidance of the musical director, Rosemary Nalden, and the assistant to the director, Sonja Bass

→ For gigs, approximately 13 musicians play, depending on their availability, providing employment for students when they reach the appropriate level of training

OUR INVESTMENT

R1.1 million

Contributing to overall administration, teachers' funding, concerts and an on-site clinical psychologist to support students as they have need



Buskaid

5

MAHARISHI INSTITUTE

Young people graduating from South Africa's high schools need experiential skills to help make them highly employable. In addition, many are in need of financial support and academic learning skills to enter and succeed in post-secondary school studies.

The Maharishi Institute provides financing, education access, skills development, personal development and a supportive environment for these students to succeed.

OUR INVESTMENT

R208 000

VALUE FOR STAKEHOLDERS

Seven students were supported by Redefine in 2018

6

AMANDLA EDUFOOTBALL

The Amandla model uses football to provide an accessible way to help support children in areas with very few opportunities. Due to its popularity, soccer has 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.

The *Redefine Youth Café* is the heart of the Safe-Hub model, specifically designed to address the youth unemployment crises in South Africa by providing accredited training, practical work experience, employment and entrepreneurship accelerators, as well as support with academic career paths for disadvantaged youth.

OUR INVESTMENT

R650 000

VALUE FOR STAKEHOLDERS

After successfully piloting the *Redefine Youth Café* at the Safe-Hub in Gugulethu (Cape Town), funding was used to launch the *Redefine Youth Café* as a national blueprint site and training academy for national scaling

7

REACH FOR A DREAM

The R200 000 was spent on our Jabulani Kingdom project, which is an in-hospital care programme, where professional entertainers go into the wards, entertaining the children. Each Jabulani would be able to see approximately 30 children per shift, working between the oncology, renal and cardiac wards. They also attend to burn victims and long-stay children. The funding assisted with 160 shifts of 2.5 hours each for children across different hospitals in the country. Redefine, therefore, contributed to inspiring hope and creating laughter to approximately 5 000 hospitalised children in 2018.

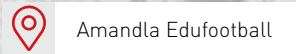
REACH FOR A DREAM'S JABULANI KINGDOM PROGRAMME

OUR INVESTMENT

R200 000 sponsorship

VALUE FOR STAKEHOLDERS

On average, 5 000 children benefitted from Reach for a Dream



Amandla Edufootball





# Engaging with our stakeholders (continued)

## Stepping up for our tenants

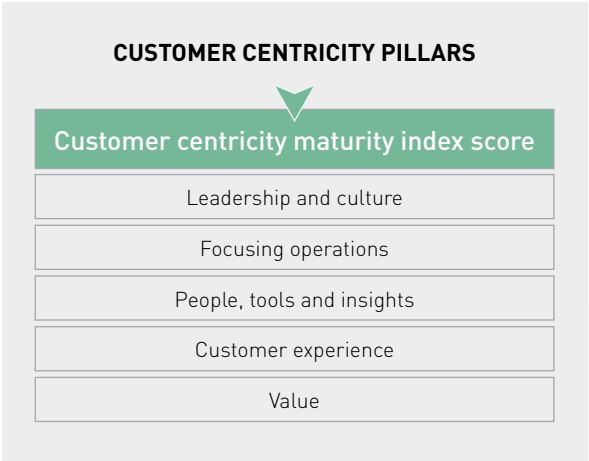
At Redefine, we say that property is our commodity, but people are our business. We communicate our people-centric approach to our tenants through our pay-off line, 'We're not landlords. We're people.'

We know that, in a reputation economy, quality is no longer measured in product only, but in the quality of the experience with a brand. The expectation from our tenants is not only to have their expectations met, but for us to consistently exceed their expectations. And, as recent tenant research demonstrated, as a result of our people-centric brand promise and tagline, tenants' expectations from Redefine, in terms of experience, are escalated.

During the year, we undertook a project to analyse our current tenant engagement initiatives, identify tenant needs, including which interactions or touchpoints they deem most important and what their expectations are in terms of their experiences at each of these touchpoints.

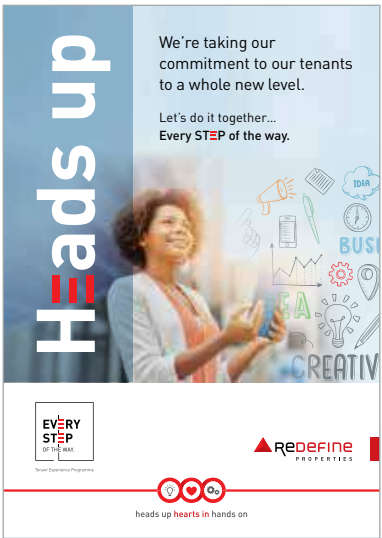
During this process, it became clear that we needed to conduct internal research as well, to ensure we were able to identify the best means of aligning our organisation to meet the needs

identified in the external research. The internal research took the form of a Customer Centricity Measurement (CCM) tool. This tool measures how customer-centric the business is, based on the alignment with five customer centricity pillars:



Going forward, a wider project will commence to formulate a strategy to determine
Current scores on each pillar
Ideal scores where Redefine would like to be per pillar
An action plan to reach ideal scores
An action plan to improve experiences at identified touchpoints in the tenant journey
Further system development to drive implementation of the plan consistently throughout the business

Poster design for the Every Step of the Way roadshow



Based on the CCM findings and customer journey map, we commenced with the development of a tenant engagement strategy (our tenant experience programme) that included the formulation of a tenant-specific value proposition, based on feedback from the analysis described above.

An internal employee campaign was launched at our annual roadshow in July 2018, called *Every Step of the Way*. The campaign identity and messaging unpack how every interaction and touchpoint determine the experience of a tenant with the Redefine brand, our advertising, digital platforms and every interaction with any employee from Redefine throughout the tenant lifecycle.

The campaign was launched with a guidebook that unpacks information about living our brand, and includes information about presentation, behaviour and communication to cultivate a people-centric culture.

For ongoing communication of the campaign, a cellphone app was launched that includes augmented reality functionality to reveal additional information on the guidebook. The messaging of the campaign will also be reinforced through internal communications channels, including our newsletter, intranet, workshops and training sessions, to continuously drive behavioural change.

## Driving passion through employee engagement

At Redefine, we understand that there is nothing more powerful than our employees' passion and initiative in our efforts to be the best in all aspects of what we do.

We want our people to know that the value they bring to our organisation is as much who they are as it is what they do. To this extent, we developed and launched our employee value proposition during 2016 to summarise and communicate what we promise our employees, but also what we expect from them in return.

Our efforts in the employee space include two distinct focus areas:

- 1

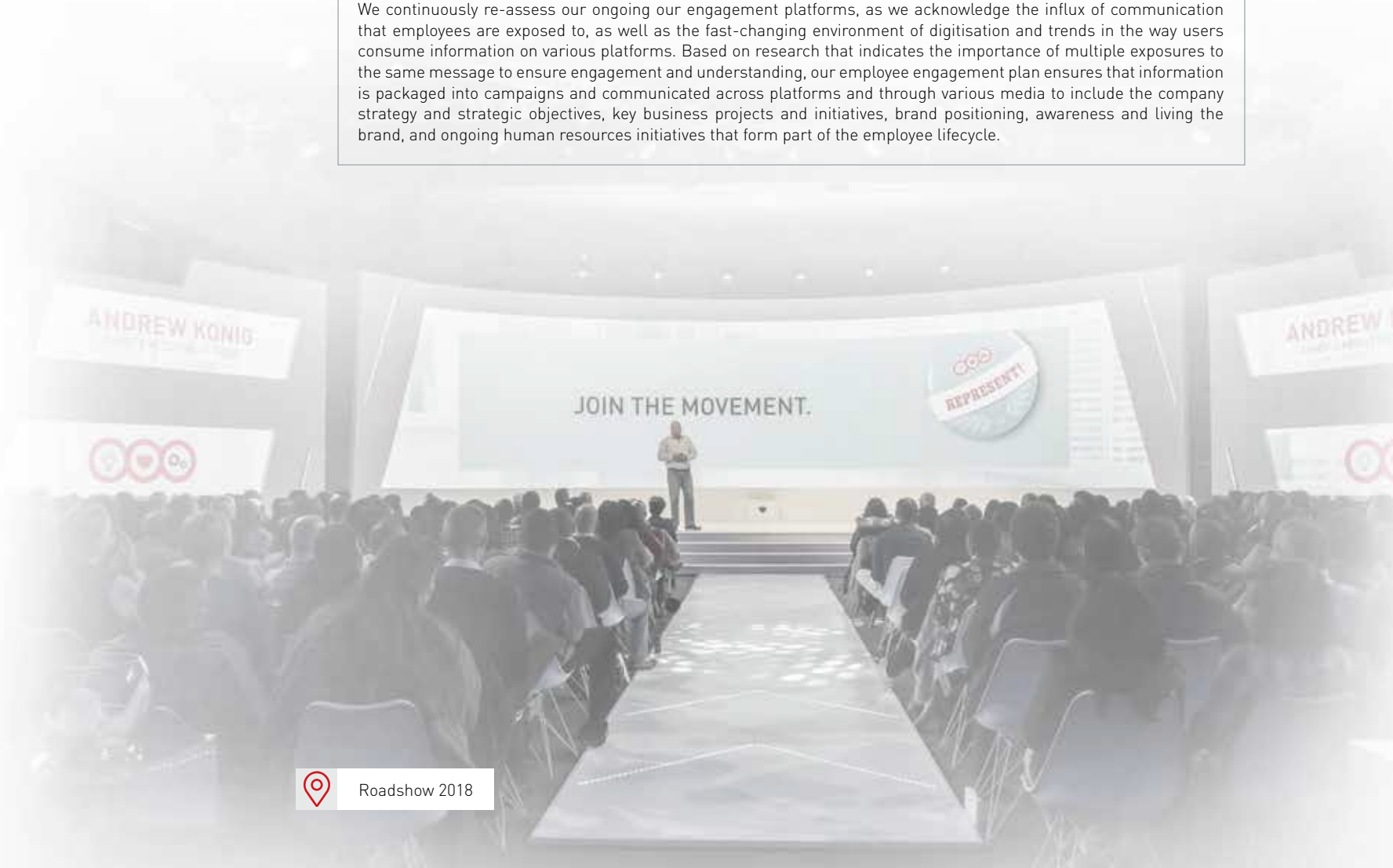
### Positioning Redefine as an employer of choice

We believe our strong corporate brand presence and the communication of our people-centric approach contribute to positioning us as a brand that future employees aspire to associate themselves with.
- 2

### Employee engagement initiatives

The last brand strength survey conducted highlighted the value of Redefine's engaged employee base, which are committed to delivering on Redefine's brand promise and living our values.

We continuously re-assess our ongoing our engagement platforms, as we acknowledge the influx of communication that employees are exposed to, as well as the fast-changing environment of digitisation and trends in the way users consume information on various platforms. Based on research that indicates the importance of multiple exposures to the same message to ensure engagement and understanding, our employee engagement plan ensures that information is packaged into campaigns and communicated across platforms and through various media to include the company strategy and strategic objectives, key business projects and initiatives, brand positioning, awareness and living the brand, and ongoing human resources initiatives that form part of the employee lifecycle.



Roadshow 2018

# Engaging with our stakeholders (continued)

## Deepening our engagement with investors and funders

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

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

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

## Partnering with brokers and suppliers

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

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

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

REACH  
it's yours. take it.



Members of REACH at Zebula Golf Estate and Spa

# Focusing on broad-based growth

The sustainability of our business is inherently tied to the stability of our social context. We realise that the socio-economic challenges facing our country are immense, and we are committed to contributing to meaningful social change.

We seek to create long-lasting, robust and broad-based benefit for the broader South African society. We believe that by empowering South Africans through education, we can go a long way towards overcoming the barriers to transformation and, at the same time, create the skills that the country needs.

In keeping with this focus, 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 primary focus is on activities to improve education and training through the provision of scholarships, bursaries and community development programmes. The trust operates independently and is managed by external independent trustees and will commence with its activities once it has access to disposable income.

## Our BBBEE performance during 2018

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

### BBBEE scorecard\*

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

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

# Empowering our people

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

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

## What we want to achieve

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

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



Unpacking our staff profile

We operate in an industry that requires specific skills that are not always readily available in the market, and are, therefore, often grown from within our organisation. For this reason, attracting and retaining the right people is always top-of-mind.

EMPLOYEES  
457 (up 8% from 2017)

AVERAGE AGE  
40 (2017: 40)

AVERAGE TENURE  
5 years (2017: 5)

TOTAL STAFF TURNOVER  
10.5% (2017: 12.6%)

FEMALE STAFF  
55% (2017: 54%)

## Being recognised as a Top Employer

We value external feedback in our efforts to remain an employer of choice for the top talent in our industry, which is why we once again participated in the Top Employer certification during 2018. The certification not only helps us to benchmark our people practices and policies as an organisation through an independent audit process, but it is also a mechanism to keep our organisation relevant and forward-thinking in applying human resources (HR) best practices.

We are pleased to report that for the fourth consecutive year we were recognised as a Top Employer in South Africa by the Top Employers Institute for our exceptional employee offerings.

The comprehensive research conducted by the Top Employers Institute concluded that Redefine provides an outstanding employment environment and offers a wide range of employee engagement initiatives, from employee benefits and working conditions to performance management programmes that are well-thought-out and truly aligned with our culture.

The human resources best practices survey is at the core of the Top Employer certification process. This in-depth research survey consists of questions about the company's employee conditions, on nine different topics:

Leadership development	Learning and development	
Performance management	Workforce planning	
Career and succession management		Onboarding
Compensation and benefits	Talent strategy	Culture

Each topic consists of questions related to the specific practice or policy, strategy, priorities, role of executive management, measurement, specific key performance indicators (KPIs), and how the topic is supported by technology. We have improved our performance year on year by 2% and achieved an absolute score of 81% (2017: 79%).

A strong employer brand to attract and retain employees

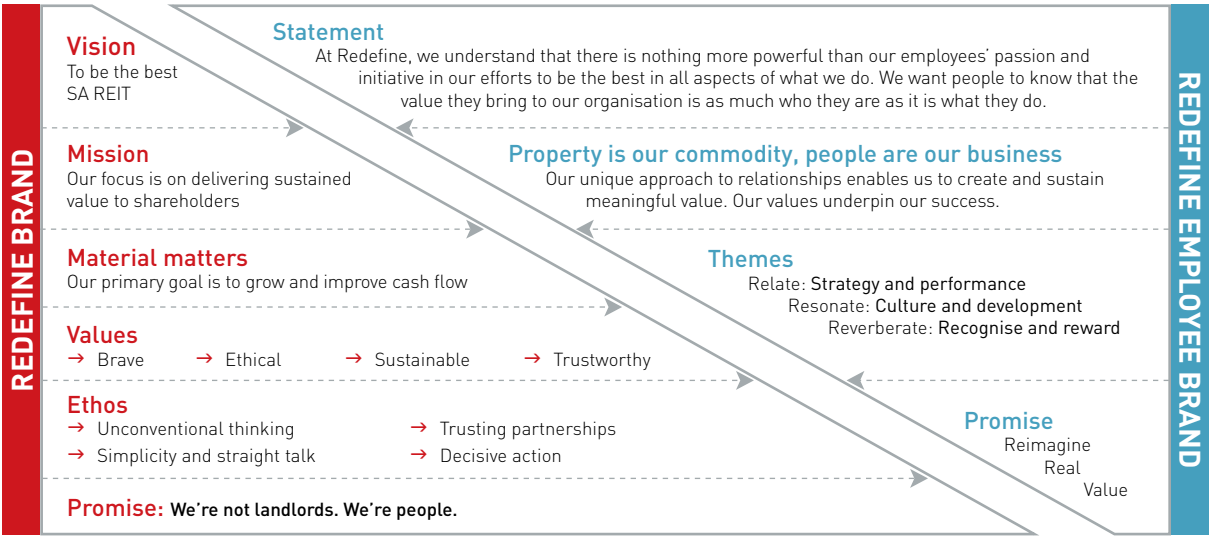
We believe that our employer brand is critical to our business success, as competition for the right talent is fierce. For us, 'talent' does not necessarily only refer to the skills or experience of an individual – as the rate of change across all industries means that what you know today may be irrelevant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

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

## Embedding our employee value proposition

Our employee value proposition (EVP) strives to cultivate and harness the power of our employees' passion and commitment. In this way, we optimise the opportunity inherent in our brand promise, differentiating ourselves through a dedicated people-centric approach to business and focusing on excellence to go above and beyond the call of duty.

Our EVP demonstrates the value we offer to our employees as an employer, but also clearly articulates our expectations of our employees in return.





# Empowering our people (continued)

Employee communication has been streamlined using these themes, culminating in our internal promise to ‘reimagine real value’, which promotes the understanding that the value our employees bring to our organisation is as much who they are as it is what they do.

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

+	Remuneration	Benefits	Work-life	Performance and recognition	Development and career opportunity
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Collectively, and with the optimal mix in mind, these elements are supported by our reward strategy. Total rewards are considered individually, and the value of the package is demonstrated to employees, highlighting financial and non-financial benefits that are important to them. Our employee roadshow provided another avenue to communicate the value proposition we offer.

## Growing engagement

A strong employer brand attracts employees that are a better fit for our company and aligned with our brand. This then leads to better employee engagement. The opposite is true, too. A workforce that is highly engaged – that enjoys or is satisfied with their work – in turn grows our employer brand.

Our employee engagement survey provides us with invaluable insight into the level of engagement of our staff, asking their opinions on topics such as career and professional development, manager quality and rewards and recognition, to name but a few. The depth of information received from this engagement is vast and has profound implications for our business. We decided not to conduct an employee engagement survey during 2018, as the depth of feedback we received during the 2017 survey was deemed relevant, and the focus, instead, was placed on analysing the information to ascertain the best ways to implement initiatives to address these findings. We will conduct another survey in 2019.

The results from the 2017 survey indicated that we have maintained high levels of employee engagement. The survey also identified the top engagement strengths as leadership and culture and values, as well as our top engagement gaps of discretionary effort and safety environment.

Safety environment was a new dimension to the survey. While the score of 72% was low in comparison to our overall results, it is above the benchmark. This dimension aims to measure the extent to which safety in the workplace leads to employee commitment and the desire to ‘go the extra mile’ at work. Research suggests that providing a safe workspace can have a positive impact on employees’ discretionary efforts. Going forward, this element has been included in our employee wellness programme.

While leadership and culture were identified as strengths, we do not believe that our work in these areas will ever be done, as our vision of being the best drives us to continually find ways of bettering our performance. We remain focused on the development of our leadership capabilities (see page 56), and creating and maintaining our culture is top-of-mind and is an informed, conscious process (see page 53). In this regard, over and above our formal engagement mechanisms, employee focus groups were held during the year, which informed our values, and proved an informative tool to gain information and engage with employees. We also invested further time and effort to understand employees’ development needs, and are aligning their long-term needs to the business plan.

HIGHLY ENGAGED WORKFORCE

EMPLOYEE ENGAGEMENT  
maintained high levels


TOP ENGAGEMENT STRENGTHS  
leadership culture values


TOP ENGAGEMENT GAPS  
discretionary effort safety environment


## Focusing on employee wellness

Our people are at the heart of our business. We take our responsibility to ensure their wellbeing seriously, devoting resources to employee health and safety. We strive to create safe and healthy work environments and offer an array of benefits and programmes to help support physical health, financial and emotional wellbeing.

Ensuring our people have the support that they need to become the best versions of themselves is an essential part of our overall EVP. Redefine believes in a holistic approach to wellness, and has designed an employee wellness programme based on three pillars:

Physical wellness

Emotional wellness

Financial wellness

During the year, we continued our partnership with an external corporate health and wellness company to ensure we are offering our employees the best support we can.

We also have an employee assistance programme (EAP) which offers a range of services to assist employees and their immediate families should they require support. Redefine funds this programme, enabling employees and their family members to receive legal advice, counselling, and help in managing personal finances. The programme also offers assistance and support to line managers in dealing with wellness-related employee matters. All the services provided under the programme are free of charge to employees.

The EAP has an online health portal which includes information on topics such as chronic diseases, medication, acute illness and general health information. We receive monthly reports that provide information on utilisation trends, key focus areas, and services rendered, which gives us greater insight into the needs of our workforce, without compromising confidentiality.

Redefine also hosts an annual wellness day in all three major regions. At these events, our employees have the opportunity to undergo health screening with an on-site team of healthcare professionals, including voluntary HIV testing and counselling, blood pressure, cholesterol, glucose, and body mass index testing. Employees are given a report summarising their health status, which helps them analyse their health needs and provides them with the necessary guidance on how to improve their overall health.

### ENSURING A SAFE WORKING ENVIRONMENT

Ensuring the safety of our people is a moral imperative. Furthermore, we recognise that the safety and wellbeing of our workforce are strong drivers for employee engagement, retention, efficiency and our overall reputation.

The objective of the Occupational Health and Safety Act is to provide for the health and safety of persons at work. We strive to meet and exceed these requirements. We therefore aim to mitigate risk at every opportunity. Continued emphasis on safety remains a focus – striving for zero incidents across the business.



Empowering our people

(continued)

A values-driven corporate culture

Culture is often described as the way people behave on a day-to-day basis, with behaviours arising from our individual and collective beliefs about what’s important or valuable.

Research indicates that values and culture drive employee fulfilment, customer satisfaction and, ultimately, shareholder value<sup>1</sup>.

Recognising this, we believe that our culture, and the values that drive this culture, are too important not to form part of our strategic thinking. A critical component of our human capital management therefore involves establishing the primacy of our unique culture and values throughout the business.

Demonstrating that we’re serious about ethics

Our ethical capital is inherently tied to the relationships of trust we grow with our stakeholders and, thus, the value of our brand.

Managing ethics can at times seem a vague and elusive task. To assist in improving this process, we have sought to quantify our ethical capital and, through intensive research, identify tangible areas for improvement. Our ethics management system has six pillars, namely: leadership, ethics goals and strategy, ethical standards and enforcement, ethics awareness and understanding, ethics assessment, and operational ethics: ethics in practice.

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

Collectively, the results of our ethics management system audit reflect a sound ethical foundation within the company. However, the audit highlighted the value of consolidating our messaging around ethics. As part of this process, our values were reviewed to ensure that they speak more explicitly to ethics and the evolution of Redefine. The process taken to review and refresh our values is described below.

MAKING VALUES LIVE IN OUR ORGANISATION

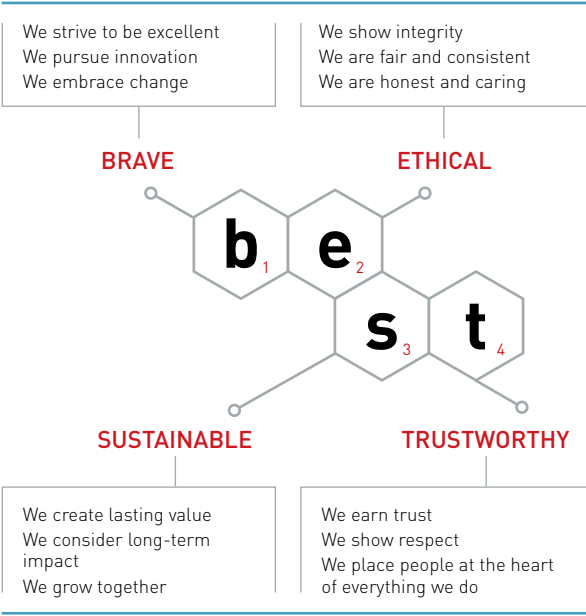
We want our values to be the driving force in our organisation, to be authentic to who we are, and where we want to go. Recognising this, we saw the need to involve our people in reshaping our values, to ensure they are representative of our collective aspirations – driving us to become the best version of ourselves that we can be.

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

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

Our refreshed values were unveiled at our employee roadshow. Other platforms for entrenching our values going forward will include our on-boarding process, and our internal communications such as newsletters and our Team Chat forums. Furthermore, our values form part of our performance management (see [page 56](#)) and inform our recruitment process.

Moreover, given the rate of change our organisation has undergone in the last five years, we are considering a mandatory re-induction for all employees that will include a refresh on our values and their role in our organisation. In this way, we will ensure all our employees are working from the same solid foundation as we continue on our individual and collective growth trajectories.



<sup>1</sup> Richard Barrett, *The importance of values in building a high-performance culture*, 2010.

BUILDING OUR RELATIONAL BRAND FROM THE INSIDE OUT

To reinforce the importance of living our brand, our annual employee roadshow once again focused on the theme of

	<b>Heads up!</b> Strategy, objectives and goals		<b>Hearts in!</b> Values, behaviour, passion		<b>Hands on!</b> It's over to you
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This was the second year the roadshow was held, with employees from all regions in a single venue. The event provides an opportunity for executive management to share key strategic business initiatives and focus areas for the year with employees in an interactive way.

The event focused on the need to remain relevant in a world of fast-paced change and digitisation, and included a ‘virtual MC’ who was backstage, but, through revolutionary software and camera-less inertial motion-sensor technology, was projected as a robot on-screen to the audience.

Roadshow fun facts

	1 280 cups of excellent coffee		<b>WATCHOUT</b> multi-display (live edit suite)		224 gigabytes of footage and imagery
	370 LED panels		66 crew + 14 performers		35 special meals
	1 000m of cabling		110 Gautrain tickets		26m of LED panels
	99 return flights		12 000 pixels on screen		1.45GB of PowerPoint presentations

Respecting rights

We differentiate ourselves through our dedicated people-centric approach to business, focusing on excellence in the context of relationships. We nurture this culture internally and extend it externally in the way we engage with and add value to the lives of our stakeholders. As a result, we are committed to upholding the human rights of every person involved in our business, creating and sustaining meaningful value for every person in our value chain.

We subscribe to the principles of the International Labour Organisation, uphold and commit to the ten principles set out in the United Nations Global Compact, and support

the observance of human rights as set out in the Universal Declaration of Human Rights.

In addition, our Code of Ethics outlines our approach to human rights and supports our intention to make sustainability an integral part of our day-to-day operations.

Furthermore, we respect the inherent value of our people and view discrimination as a severe transgression of their rights and, as such, a dismissible offence. Our disciplinary policy prioritises employees’ rights, and our sexual harassment policy prohibits such behaviour as a form of discrimination.

Our employee capabilities

Growing our employee capabilities and ensuring they are aligned with current and future business needs is a long-term initiative, but it also leads to short-term benefits such as increased loyalty, higher engagement and improved performance.

The starting place for us is our strategy. Ensuring our employees’ capabilities are aligned with our strategic goals is key to meeting our objectives.

Growing talent

According to the International Monetary Fund, income inequality and unemployment in South Africa remains one of the highest in the world<sup>2</sup>. Despite our country’s high unemployment rate, there is an ever-increasing talent and skills gap. This means that the jobs that are available in our shrinking economy are not filled, as the right skills are not available to fill them. This is particularly problematic in the property sector where the pool of skilled and experienced employees is small.

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

<sup>2</sup> <https://www.imf.org/en/News/Articles/2018/07/27/pr18319-south-africa-imf-executive-board-concludes-2018-article-iv-consultation>

# Empowering our people (continued)

## CULTIVATING A CULTURE OF LEARNING AND DEVELOPMENT

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

We are committed to making financial resources available for training and staff development. Through our various business-specific training initiatives, we aim to reach our annual training target – 80% of the workforce attending a minimum of one training event in the year.

Redefine is committed to identifying, transferring and developing scarce or critical skills to optimise competence in critical areas of business.



2 436 training interventions



17 728 staff-hours spent in training



R7.7 million direct investments in training  
(course costs + other costs such as travel, accommodation, catering, venue, etc.)



R12.5 million total training investment  
(direct cost + salaries of qualifying categories)

Line managers, together with our HR team, are committed to understanding individual aspirations through ongoing feedback and communication, and assist in mapping personal development plans and career paths. Employees are encouraged to take full responsibility for identifying opportunities in the business, in line with their personal objectives, and initiating career development conversations.

Redefine's training and development policy

→ Develop our staff, without prejudice and discrimination

→ Allow our staff to progress to full qualifications in the work that they do

→ Ensure the highest possible quality of training by ensuring the accreditation status of training providers used

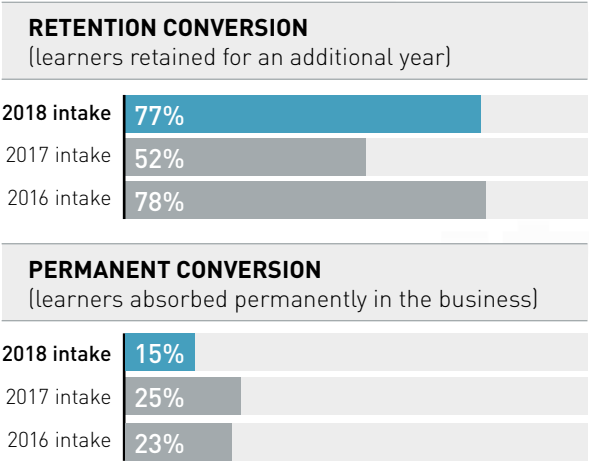
→ Allow flexibility for staff to progress in their career path development

## GAINING VALUABLE WORK EXPERIENCE

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

Starting with only five learners in 2013, the popularity of the programme continues to grow, with 2 800 applications received for this year. Through a rigorous selection process, we secured an intake of 22 new learners and 15 permanent employees from these applicants. Since inception, the programme has graduated 151 learners. This number includes 43 graduates for 2018.

Successful applicants work for Redefine for one year to gain practical business experience while earning a salary. Learners obtain a recognised qualification in business administration and practical industry-related experience. The learnership programme comprises structured learning at National Qualifications Framework levels 2 and 4, as well as practical on-the-job training in all facets of property management. Our learnership programme has proven successful over a number of years, and we view it as a project with longevity that will persist, both through the skills it develops and with future learnerships.



Our retention conversion rate speaks to learners retained for an additional year, where they are exposed to further training and development. To further enable employment, learners have an equal opportunity to partake in the group's internal recruitment process. In addition, should top-performing learners be identified, positions are created for the betterment of the group's overall skills complement and thus contributing to South Africa's broader job creation agenda. These instances would be defined as permanent conversions.

We also extended the programme to encompass full-time employees who may have the necessary experience in a particular field, but lack the qualification to move to an area of greater responsibility, and therefore greater remuneration. Through this initiative, we have further embedded our ethos of growing talent from within in a pragmatic way that meets our employees' needs, as well as the needs of the business.

## Leadership development

We value aspirational leadership and are committed to investing in leadership development. We are managing the risk of key-people dependency by proactively targeting succession planning, ensuring that key individuals are being mentored, coached and developed as future leaders. Please see **page 41** for more information on our newly launched internal mentorship initiatives.

Leadership development initiatives include:

### 360° LEADERSHIP SURVEY

We measure the effectiveness of our leaders in order to help them, and our organisation, grow. During the year, we conducted a 360° leadership survey. The survey assessed the level of responsible leadership displayed by senior leaders, evaluated their commitment to exemplifying Redefine's values, and gained insight into individual performance against leadership competencies.

### BUILDING LEADERSHIP FROM THE INSIDE OUT

To enable greater synergy throughout the organisation, a strategic programme called Strengths Deployment Inventory (SDI) was rolled out during the year. Through this process, leaders were exposed to the merits of self-discovery and collaboration to provide insight into the motivators influencing their own and others' behaviour.

The objective of the initiative was to realise how each member of the team's behaviour influences the overall team dynamic and, therein, to help create and build trust, to understand and manage conflict in a more appropriate manner, and to better optimise each team member's contribution to the team.

The intervention comprised of three online pre-assessments to identify individuals' motivators of behaviour, both within the parameters of normal circumstances and in times of conflict. Thereafter, over a period of three months, delegates participated in team workshops. Going forward, one-on-one coaching sessions for the business leaders will be provided to enhance the overall development process.

Furthermore, due to the resonance unanimously experienced by the leadership team, the intention is to expose the entire organisation to the intervention within the next two to three financial years.

## Measuring and managing performance

How we measure and manage performance is a crucial component of ensuring we all remain focused on what matters most. We recognise that by clearly communicating strategically aligned goals, we deepen accountability, and ensure that time is not wasted on unrelated tasks.

To achieve this alignment, we have cascaded our material matters and objectives throughout the organisation. During this process, material matters were broken up into key performance areas (KPA's) and KPIs to measure the achievement of these elements against a predetermined set of goals.

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

### We're not landlords. We're people.

– is central to our business, and our values form part of our employees' performance review process. We want our people to know that the value they bring to our organisation is as much who they are as it is what they do.

### Redefine's performance review policy

- Conduct performance reviews bi-annually
- Use material matters as the basis to determine outputs required for business and individual success. KPA's supported by KPIs are clearly defined, cascaded and communicated to ensure that, as a business, we deliver on what matters most
- Support and encourage employees to develop themselves
- Initiate personal development plans for employees to focus on areas that will assist them to perform at their peak in their current roles, and achieve their personal career goals
- Codesign career paths for individuals





# Empowering our people (continued)

## Recognising and rewarding achievements

The Brilliance Awards recognise and reward the exceptional value our people create for the business through outstanding performance and living our values.

Following our values refresh, we reviewed our reward and recognition programme to ensure it aligned with and supported our objectives. As a part of the review, we reflected on the quality of the nominations, the nomination categories (which were aligned to our previous values), and the monthly, quarterly and annual mechanisms for nominating, voting and recognising people.

Following this evaluation, it became clear that the programme would not need to change fundamentally, but that adjustments should be made to support better alignment with changes in the business. These adjustments, which are still being implemented, will include simplifying the nomination process and leveraging technology to ensure that recognition is given instantly.

For more information on our remuneration policy, refer to our remuneration report.

## Growing our organisational capabilities through transformation

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

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

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

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

		AM	CM	IM	WM	AF	CF	IF	WF	FN*	Totals
Top management	2018	■	■	■	5	■	■	■	■	■	5
	2017	■	■	■	5	■	■	■	■	■	5
Senior management	2018	2	■	3	12	■	1	1	13	1	33
	2017	■	1	■	13	■	1	■	12	■	27
Professionally qualified	2018	2	3	3	21	6	3	1	14	■	53
	2017	1	2	2	19	3	2	2	15	1	47
Skilled technical	2018	11	2	8	24	8	5	12	37	1	108
	2017	11	2	4	29	6	5	13	36	■	106
Semi-skilled	2018	53	10	1	8	71	28	14	31	■	216
	2017	45	13	1	6	59	24	13	28	1	190
Unskilled	2018	32	1	1	■	6	1	■	■	1	42
	2017	36	2	1	■	5	2	■	1	2	49
Total	2018	100	16	16	70	91	38	28	95	3	457
	2017	93	20	8	72	73	34	28	92	4	424

■ = 0, AM = African males, CM = Coloured males, IM = Indian males, WM = White males, AF = African females, CF = Coloured females, IF = Indian females, WF = White females, FN = Foreign nations

For more information on our overall performance with regard to BBBEE, see [page 48](#).

We support the principles of diversity, and practise equality of opportunity among all our employees. We have adopted a board diversity policy to ensure that, over time, we promote gender diversity among the board and senior management.

For more information on our board diversity, see [page 64](#).

## FOCUSING ON PEOPLE, NOT JOBS

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

Furthermore, we remain focused on building change capability by encouraging open communication, facilitating collaboration, making information clear and available, and fostering an approach to decision-making that is based on assurance and self-confidence rather than promises of stability and security.

We might not know what tomorrow will bring, but we believe that, as an organisation, people will remain our key differentiator as we strive to build a nimble workforce that embraces what the future holds within the constraints of values and our people-centric brand promise.

## Looking to the future

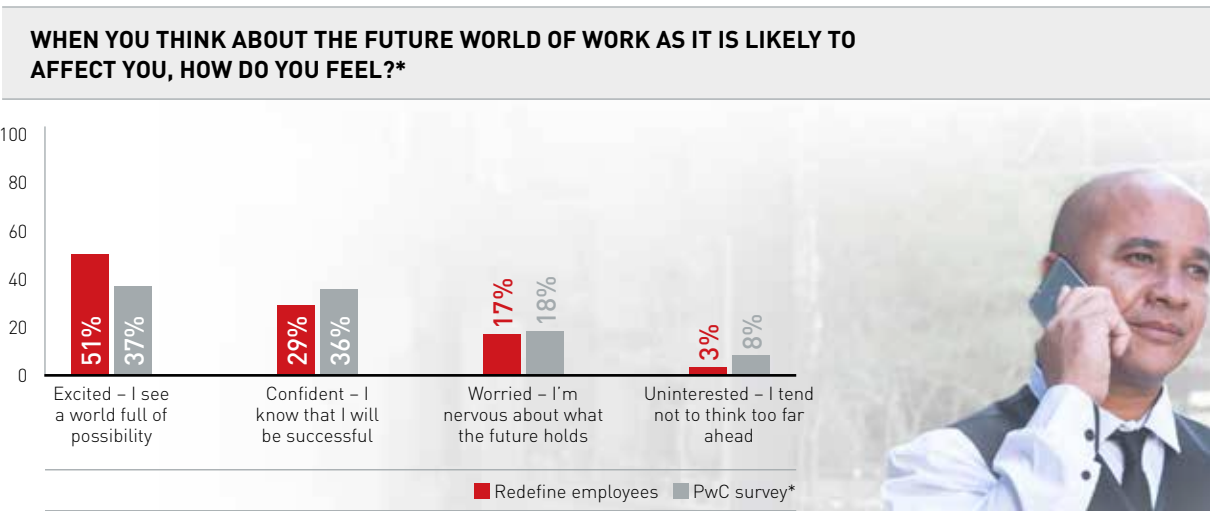
The way we work today is distinctly different from the world of work just 10 years ago. As swift as this shift has been, however, we can anticipate that the rate of change will only accelerate as work-life balance is influenced by snowballing technological advances, automation and artificial intelligence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

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

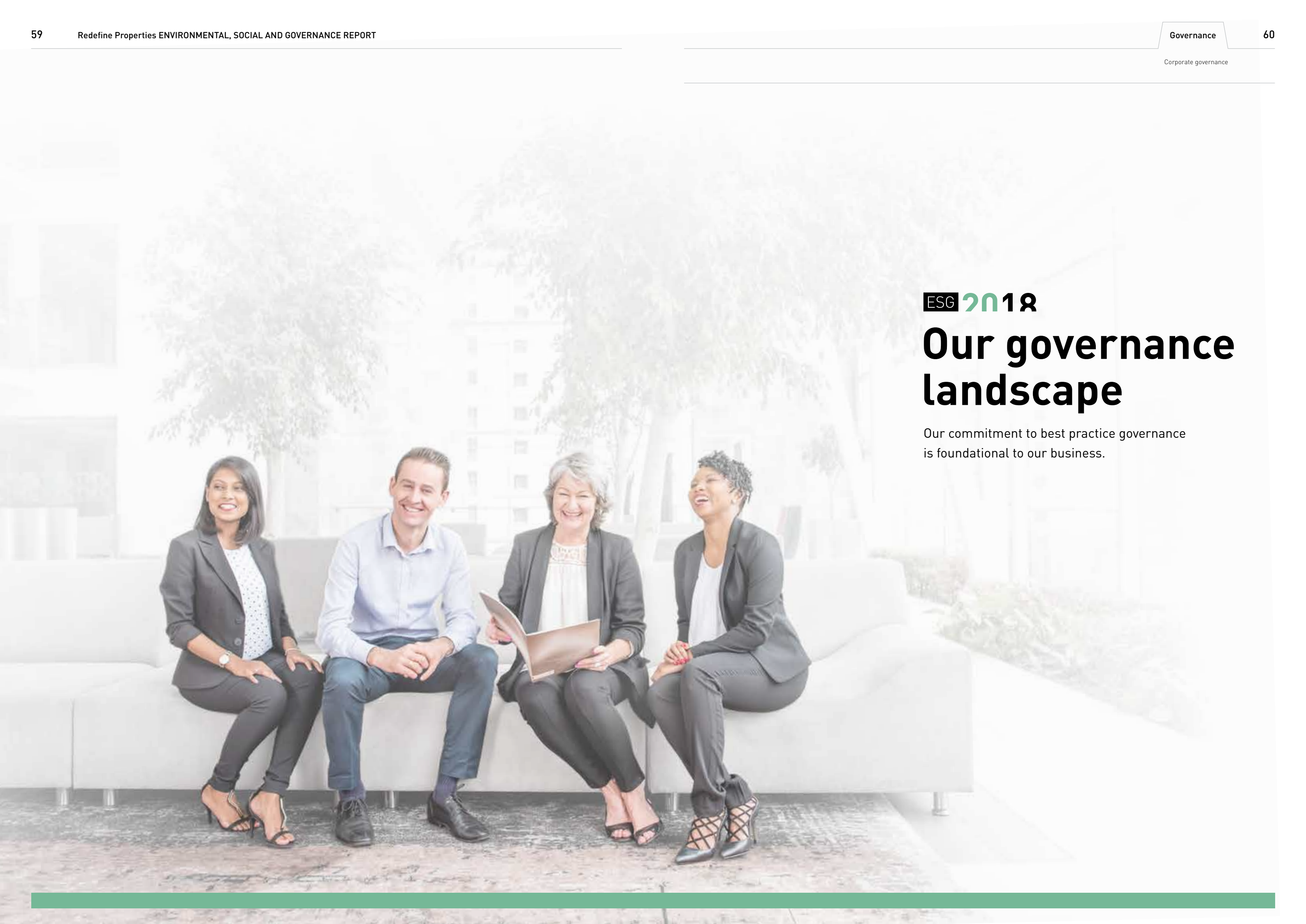
We believe that the answer lies in our DNA. We are an inherently people-centric organisation. As we prepare for a changing world of work, we believe that focusing on people, not jobs, is key to the sustainability of our business.

### We conducted an internal survey to reference the research by PwC\*

“Organisations can't protect jobs that are made redundant by technology – but they do have a responsibility to their people. Protect people, not jobs. Nurture agility, adaptability and re-skilling.” **Workforce of the future report, PwC**



\* PwC survey of 10 029 members of the general population based in China, Germany, India, the UK and the US – Base: All those who are not retired (8 459)



ESG 2018

# Our governance landscape

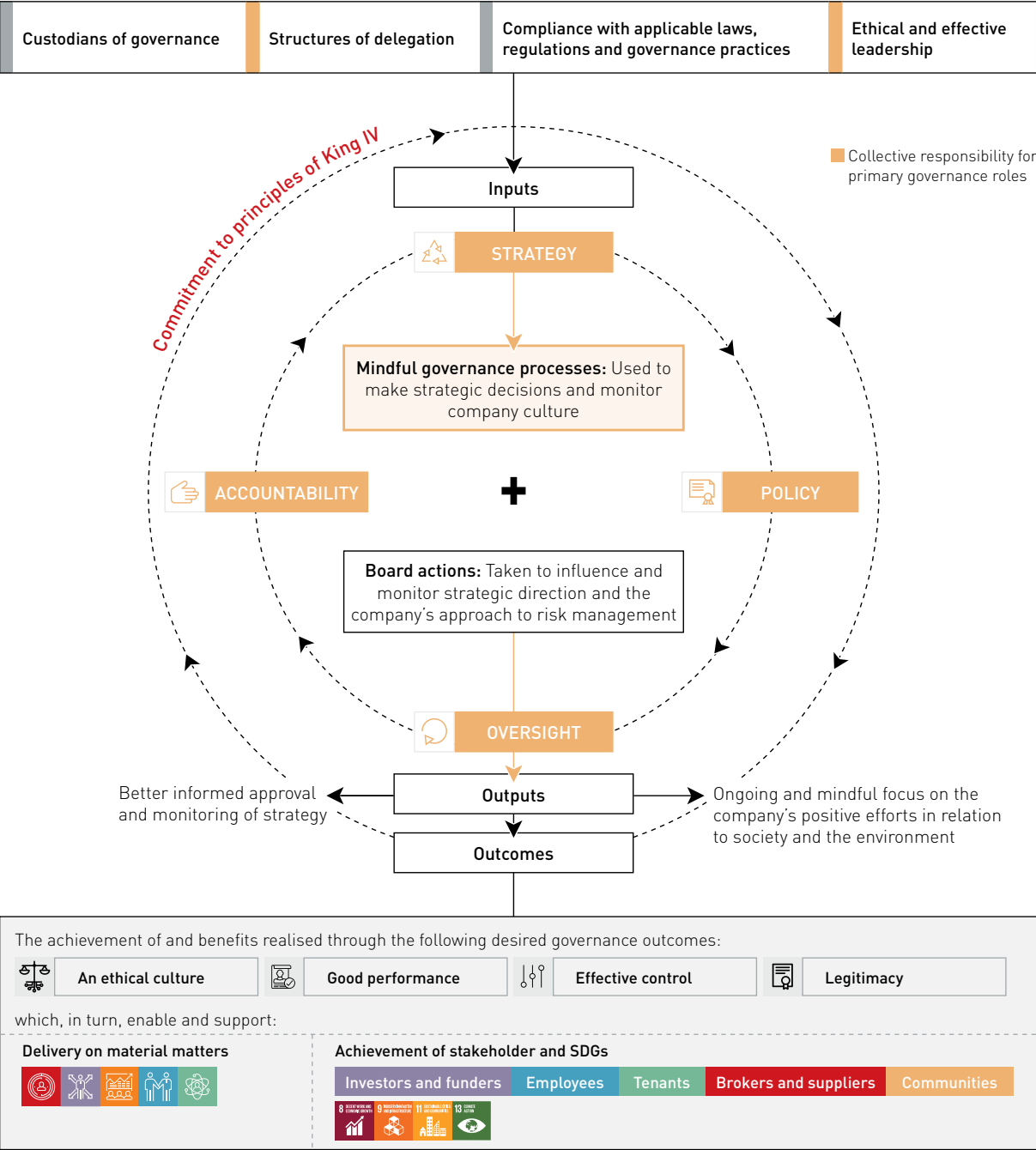
Our commitment to best practice governance is foundational to our business.

# Corporate governance

## Value creation through the achievement of desired governance outcomes










































In line with its purpose, our board leads the company, ethically and effectively, towards the goal of improving the trust and confidence of stakeholders through the realisation of its desired governance outcomes. It understands that the benefit of these outcomes, together with its governing structures, processes and actions, enable and support the company's value creation process in the short, medium and long term. It takes collective responsibility for its primary governance roles and recognises that the execution thereof allows for better informed approval and monitoring of strategy and an ongoing and mindful focus on the company's positive efforts in relation to society and the environment in which it operates.

During the 2018 financial year, the board applied various principles of good governance in order to enable and support the company's value creation process.



## Our custodians of governance

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

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

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

MEMBERSHIP

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

ATTENDANCE

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

EXPERTISE

Leadership

Industry/operations

Technology and information governance

Compliance and governance

Sales and marketing

Finance

Risk and opportunity management

Tax

Environmental sustainability

Human resources

COMMITTEES

AC

RC

REM

NOM

SET

IC

Audit committee

Risk, compliance and technology committee

Remuneration committee

Nomination and governance committee

Social, ethics and transformation committee

Investment committee

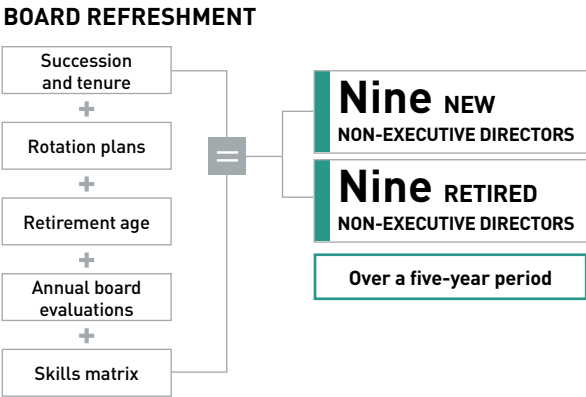


Corporate governance

(continued)

Board renewal programme and appointment of directors

The board has arrangements in place for the periodic, staggered rotation of non-executive directors so as to introduce directors with new skills, insights and perspectives, as well as to ensure appropriate diversity of gender and race on the board. This board renewal programme is an ongoing exercise and seeks to balance the introduction of new directors while retaining valuable knowledge and experience of the business, and maintaining continuity. In light of the ever-changing strategic issues facing the board, the nomination committee continuously reviews the mix of skills and experience the board considers necessary or desirable in its directors and the extent to which same are represented on the board and its committees. This review takes into consideration the skills the board requires in the pursuit of its strategic objectives, having regard to the company's circumstances and the changing external environment.



During the course of 2018, and considering the need for innovation and technology and information governance expertise on the board, Ms A Dambuza was appointed as an independent non-executive director of the company. Furthermore, the appointments of Ms L Sennelo and Ms S Zilwa as independent non-executive directors bolstered the board's corporate governance and accounting expertise, in response, in particular, to the introduction of new and increasingly complex regulation and accounting/IFRS standards. The board similarly accepted the resignations of Ms P Langeni and Mr D Nathan with effect from 2 November 2018.

The process by which the aforementioned directors were appointed was formal and transparent and selection was conducted under the guidance of an approved policy.

Rotation and re-election of directors

In accordance with the company's MOI, one-third of the executive directors and one-third of the non-executive directors are subject to retirement by rotation and re-election by shareholders at least once every three years. Furthermore, those non-executive directors who have held office for a period of three years since their last election or appointment, and/or reached the age of 70 years or older, are required to retire at every annual general meeting, either as one of the directors to retire in pursuance to the foregoing or additionally thereto, and are submitted for re-election, if eligible.

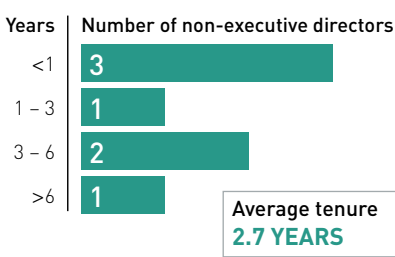
Mr M Barkhuysen, Ms N Langa-Royds, Mr B Nackan and Mr M Wainer are due to retire by rotation at the company's annual general meeting in February 2019 in accordance with these requirements. By virtue of his age and length of tenure, Mr B Nackan has decided not to make himself available for re-election and will accordingly retire as a director from the conclusion of the annual general meeting.

Non-executive director tenure and succession

In accordance with the company's policy on non-executive director tenure, non-executive directors who have served on the board for nine consecutive years are required to stand for annual re-election by shareholders at each subsequent annual general meeting. Such directors are subjected to a rigorous assessment by the board as to their interests, independence and contribution, prior to being recommended for annual re-election.

The appointment of Mr H Mehta as a non-executive director of the company was first ratified by shareholders at the 2010 annual general meeting and accordingly, as at the date of the 2019 annual general meeting, Mr H Mehta would have served on the board for a period of nine and a half years.

The nomination and governance committee has recommended to the board that Mr H Mehta be invited to serve for a further one-year term in light of the important experience and continuity he will provide as the board continues with its existing renewal programme, and more particularly following the resignations of two long-standing directors, Mr B Nackan and Mr D Nathan. Although not classified as an independent non-executive director by virtue of his shareholding in the company, the board is satisfied that Mr H Mehta will continue to act with independence of mind and in the best interests of the company.



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

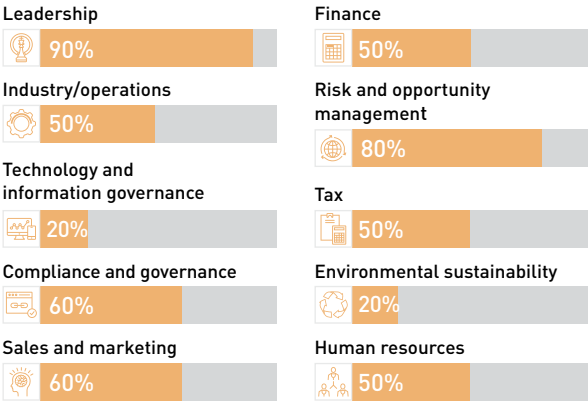
Board composition

Post the changes referred to on [page 63](#) and as evidenced below, our board continues to comprise the appropriate balance of knowledge, skills, experience, diversity and independence to objectively and effectively discharge its governance role and responsibilities. The diversity in its membership across various attributes creates value by promoting better decision-making and effective governance. The diversity statistics set out hereunder reflect the composition of the refreshed board and take into account the fact that Mr B Nackan will not be standing for re-election at the 2019 annual general meeting.

DIVERSITY OF EXPERTISE

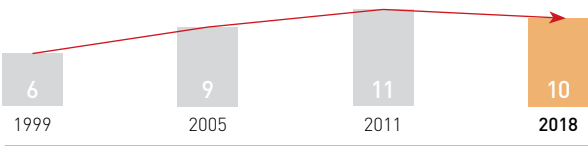
**Policy:** To create an experienced board with the appropriate balance of knowledge and skills in areas relevant to the group.

The percentage of our board who share the following expertise is reflected below:



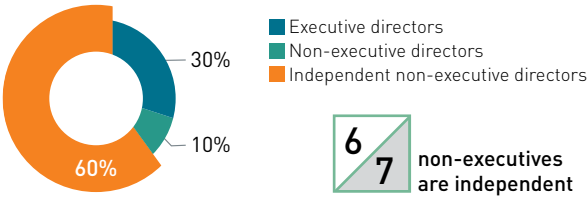
BOARD SIZE

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



INDEPENDENCE

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



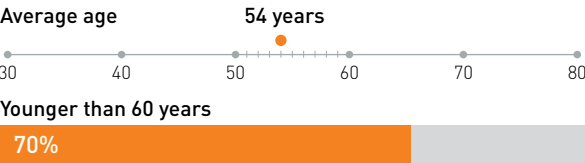
We expect our independent directors to be independent in terms of perception and statutory obligations.

**Perceptual independence:** The level of independence of each director is viewed and judged from the perspective of a reasonable and informed third party.

**Statutory independence:** All directors have a duty to act with independence of mind and in the best interests of the company.

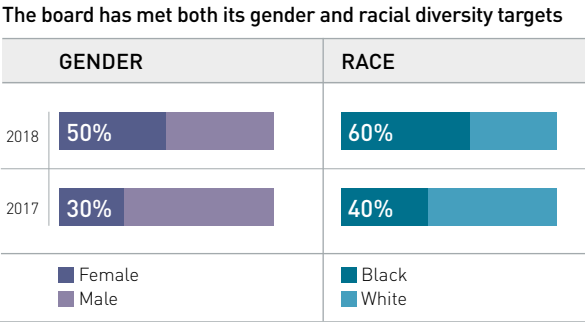
DIVERSITY OF AGE

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



GENDER AND RACIAL DIVERSITY

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



The nomination and governance committee oversees the assessment process for directors' independence for board approval. The review considers director performance and factors that may impair independence, including prevailing circumstances and directors' interests, whether perceived or actual. The approved assessment process includes a self-assessment by each director, as well as consideration of each director's circumstances by the board.




In 2018 and following a rigorous annual review, the board concluded that all non-executive directors continued to be independent in character, and demonstrated behaviour, contribution to board deliberations and judgment.

By virtue of stakeholders' perceptions regarding Mr Mehta's shareholding in the company, he continues to be classified as a non-independent non-executive director of the board.

# Corporate governance (continued)

## Leadership roles and functions

Our board is currently steered by an executive chairman. Therefore, in compliance with paragraph 3.84(b) of the JSE Listings Requirements and as recommended by King IV, we’ve appointed a lead independent director. The role of the chairperson is distinct and separate from that of the CEO. The separation of responsibilities is designed to ensure that no single person has unfettered decision-making powers and that appropriate balances of power and authority exist on the board.

	<b>Chairperson</b>	Responsible for leading the board and for ensuring the integrity and effectiveness of the board and its committees. Ensures high standards of corporate governance and ethical behaviour.
	<b>Lead independent director and deputy chairperson</b>	<p>Maintains the effectiveness of the board by providing leadership and advice when the chairperson has a conflict of interest, without detracting from or undermining his authority.</p> <p>Provides support to the chairperson, is available as a trusted intermediary for the other directors, as necessary, and chairs a meeting of the non-executive directors at which the performance of the chairperson is considered.</p>
	<b>CEO</b>	<p>Responsible for the effective management and running of the company’s business in terms of the strategies and objectives approved by the board.</p> <p>Chairs the company’s executive committee, leads and motivates the management team and ensures that the board receives accurate, timely and clear information about the company’s performance.</p>

It is intended that the executive chairman will step down from this role upon the appointment by the board of an independent non-executive chairperson. Such appointment will not affect the role and function of the lead independent director.

## Company secretary

Ms B Baker is the appointed company secretary. Her primary responsibilities are to:

<b>PROVIDE</b>	counsel and guidance on individual and collective powers and duties, matters relating to governance, legal compliance and ethics
<b>RENDER</b>	ongoing support and resources to enable directors to improve and refresh their skills, knowledge and understanding of the company, as well as proposed changes to laws and regulations applicable to Redefine
<b>COLLATE AND DISTRIBUTION</b>	relevant information to ensure that all directors have full and timely access to the relevant information that assists them with the effective execution of their duties and obligations
<b>INDUCT</b>	new directors on their fiduciary and statutory duties and responsibilities
<b>ASSIST</b>	the nomination committee with the annual evaluation of the effectiveness of the board
<b>FACILITATE</b>	professional and skills training, access to information and independent advisors, as and when required by the board

In accordance with paragraph 3.84(h) of the JSE Listings Requirements, an annual evaluation of the company secretary was carried out by the nomination committee on behalf of the board. The results of the evaluation confirmed that the company secretary demonstrates the requisite level of knowledge and experience to perform her duties. The board is also comfortable that the company secretary maintains an arm’s length relationship with individual directors, and confirms that she is neither a director nor a public officer of the company or any of its subsidiaries.





## Ethical and effective leadership

Our board continues to lead the company with integrity and competence, and in a manner that is responsible, accountable, fair and transparent, to ensure leadership that results in the achievement of our strategic objectives and positive outcomes over time. It understands that it must lead ethically, consistently demonstrate the company’s values, and govern in a manner that embeds ethics throughout the company so as to ensure that leadership is effective and that the company is able to act as a responsible corporate citizen.

The social, ethics and transformation committee plays a key role in exercising oversight of the company’s ethics and ensures that the board is sufficiently equipped to deliver on its goal of having a sustainable ethical culture. Although this responsibility has been delegated, the board remains accountable for the way in which same is discharged. For more information on the processes and actions of the board with regard to ethics and ethical leadership, see our mindful governance processes from **page 67**.

## Commitment to the governance principles set out in King IV

The board remains committed to the principles of King IV and ensures that its recommendations are materially entrenched into the board’s internal controls, policies, terms of reference and overall procedures and processes. A King IV application register, setting out how the company has applied the principles of King IV, is available on our website, [www.redefine.co.za](http://www.redefine.co.za). Those principles that have not been fully applied and/or provide opportunities for additional value creation going forward, are set out hereunder:

	Principle	Opportunity to grow value
Responsible corporate citizenship	<b>Principle 3</b> The board should ensure that the organisation is and is seen to be a responsible corporate citizen	<p>In order to fulfil our purpose, the board has considered the company’s material matters, as well as the forward-looking trends that will have material implications on our responsible citizenship status going forward. Based on this, we have identified the sustainable development goals (SDGs) that we believe are most relevant in terms of potential impact and opportunity for our business to make a difference.</p> <div><div><b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE</div><div><b>8</b> DECENT WORK AND ECONOMIC GROWTH</div><div><b>11</b> SUSTAINABLE CITIES AND COMMUNITIES</div><div><b>13</b> CLIMATE ACTION</div></div> <div><p>The goals we have committed to have been internalised as one commitment:</p><p><b>OUR VISION FOR 2030</b></p><p><b>CREATE SUSTAINABLE SPACES THAT EMPOWER PEOPLE</b></p><p>These goals stretch us to think beyond the conventional time frames, providing a sense of future direction that will drive us forward in achieving our higher purpose. Furthermore, we aim to set targets for our contributions towards the SDGs and have created a framework of six indicators to guide our actions. These will be further developed into measurable targets over time. For more information on these indicators, please refer to our <b>IR</b> report.</p></div>
Committees of the board	<b>Principle 8</b> The board should ensure that its arrangement for delegation within its own structures promote independent judgement and assist with balance of power and effective discharge of its duties	<p>The board continually analyses and reviews whether its governance structures are relevant and appropriate. During 2018, a decision was taken to split the audit and risk committee in 2019 into two separate functions as the board has come to believe, after much consideration, that the integrated nature of Redefine’s risk function, which considers risks and opportunities emanating from our triple context, requires different focus, skills and experience for effective oversight than the specialised and technical nature of audit oversight.</p>

Corporate governance

(continued)

Mindful governance within the ambit of primary governance roles

The board assumes collective responsibility for:

Strategy

Policy

Oversight

Accountability

and has adopted a stakeholder-inclusive approach in the execution of its governance roles and responsibilities.

Taking an integrated approach to decision-making remained top-of-mind in order to sustain value for all our stakeholders and during the year, in addition to the board’s statutory and regulatory roles and responsibilities, mindful focus was given to the following governance processes so as to ensure the achievement of the board’s desired governance outcomes:

Integrated effective control

As the custodians of governance, the board is ultimately responsible for ensuring there is effective control within the business. The board ensures effective control through a number of mechanisms, including:

- Compliance with applicable laws, regulations and governance practices

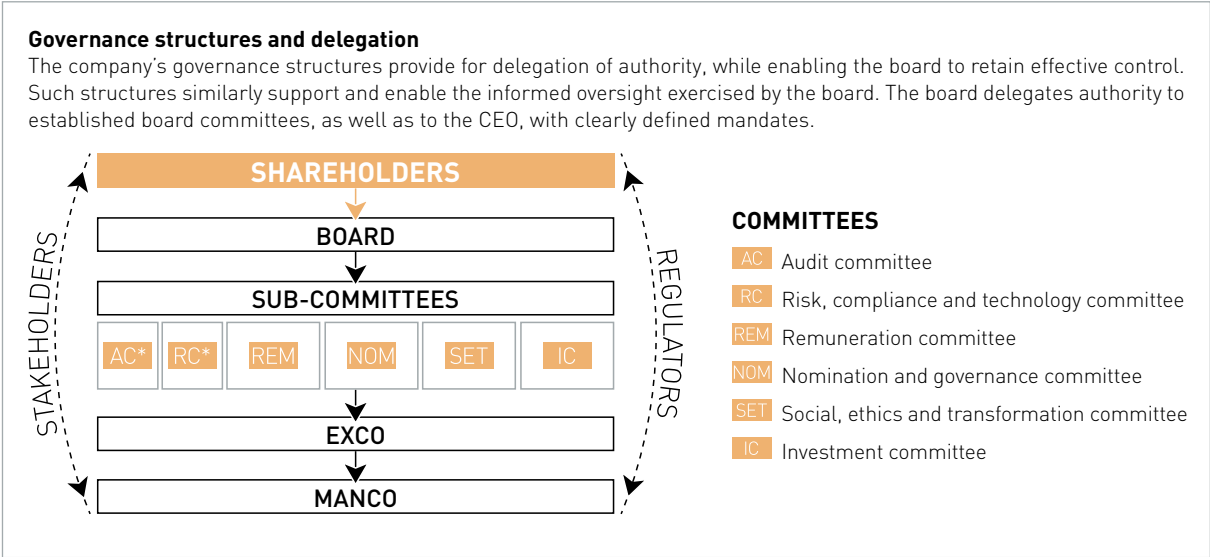
→ The decisions and actions taken by the board ensure that the company subscribes to full compliance with applicable laws, regulations and governance practices in the jurisdictions within which the company operates

→ In 2018, oversight of compliance risk management was delegated to the audit and risk committee, which received quarterly reports on the status of compliance within the company, significant areas of non-compliance, if any, as well as feedback on interaction with regulators

→ During the year, the company was fully compliant with the requirements of the Companies Act and the JSE Listings Requirements
- The board charter

→ The roles and responsibilities of the board and individual directors are set out in the board charter which is aligned with the provisions of relevant statutory and regulatory requirements and is reviewed on an annual basis

→ The charter regulates the parameters within which the board operates and ensures the application of the principles of good governance in all its dealings



Executive management

→ Our board delegates its authority to our executive management, via the CEO, to manage, direct, control and coordinate the day-to-day business activities and affairs of the company, subject to statutory limits and other limitations set out in the delegation of authority framework (DOA)

→ Executive management comprises the executive chairman, chief executive officer, financial director, chief operating officer and the executive of development

→ The DOA is reviewed annually in consultation with the finance function and the audit and risk committee, to ensure that the limits remain appropriate, while similarly considering the size of the company and our specific operating context

→ Our company secretary monitors the implementation of the delegated authority and has confirmed that, in the year under review, executive management acted within the authority delegated to them by our board

Board committees

→ The roles, responsibilities and composition of our board committees are set out on pages 71 to 80, and the board is satisfied that the committees effectively discharged their duties during the year under review

In the application of these processes, the board considered the following:

Primary governance roles

Applicable resources

Risks and opportunities

Investors and funders

Employees

Tenants

Brokers and suppliers

Communities

Delivery on material matters

Achievement of stakeholder goals

Achievement of SDGs

Moreover, through these, the board has achieved and realised the benefits of effective control.



Corporate governance

(continued)

Integrated ethics

The board ensured that the principles and structures for good corporate governance were in place throughout the company and that same were operating efficiently. During the year, the following initiatives, programmes and policies were undertaken by the board to integrate ethical behaviours throughout the business.

Refreshed company values

brave

ethical

sustainable

trustworthy

1

2

3

4

→ Oversaw the refreshment of the company's values to ensure that they speak more explicitly to ethics

→ Monitored and approved the development of four values that speak to the board's collective aspirations and will serve to guide the daily behaviours of all employees and, therefore, the culture of the company

Ethics programme

- Approved and monitored the company's ethics programme and the various pillars it comprises – leadership; ethics goals and strategy; ethical standards and enforcement; ethics awareness and understanding; ethics assessment and ethics in practice
- Assessed management's effort to create awareness, detect and resolve ethical violations and provide training on ethics and anti-competitive behaviour
- Oversaw the quantification of the company's ethical capital and, through intensive research, the identification of tangible areas for improvement

Assessment of adherence to ethical standards

- Periodic independent assessments are conducted in order for the board to monitor adherence to the company's ethical standards by employees and other stakeholders
- Oversaw the commission of the company's annual ethics survey in partnership with Ethics Monitoring and Management Services, the results of which reflected a sound ethical foundation within the company

Code of business conduct and whistle-blowing

- Reviewed and confirmed the company's formal code of business conduct to ensure that same was central to the growth and sustainability of the company, and entrenched a culture of intolerance towards unethical conduct, fraud and corruption
- Considered and monitored the company's key ethical risks and top-of-mind issues
- Oversaw protected disclosure and whistle-blowing mechanisms in order to detect breaches of ethical standards, and dealt with such disclosures appropriately

Conflicts of interest

- Approved and oversaw the implementation of the company's conflict of interest policy
- Directors timeously disclosed their conflicts, or potential conflicts of interest, and the board proactively monitored such conflicts in accordance with legal requirements
- Maintained comprehensive directors interests registers and noted same at each board and committee meeting

Insider trading and dealing in securities

- Monitored and exercised compliance with the company's policy on insider trading and dealing in company securities, which ensures that directors do not use their positions or confidential and price-sensitive information to achieve a benefit for themselves or their related parties, and similarly prohibits directors and employees from trading in company securities during closed periods
- Disclosed director dealings in accordance with the JSE Listings Requirements

Fair and responsible remuneration

- Ensured that remuneration of executive management was fair and responsible in the context of overall employee remuneration
- Held management accountable for ensuring total remuneration was distributed fairly

In the application of these processes, the board considered the following:

Primary governance roles

Applicable resources

Risks and opportunities

→ Inability to maintain strong ethical and governance culture

→ Inability to effectively manage reputational risks

→ Market misconduct

→ Negative reputational perception due to adverse market sentiment

Stakeholders implicated

Investors and funders

Employees

Tenants

Brokers and suppliers

Communities

In applying these processes, the board supported and enabled the company's:

Delivery on material matters

Achievement of stakeholder goals

Source of sustained growth in total returns

Employer of choice

Provider of relevant space

Preferred business partner

Responsible community participant

Achievement of SDGs

and achieved and realised the benefits of an ethical culture.

Integrated performance

Strategy, performance and reporting

The board's governance responsibilities include oversight of strategy development, implementation and performance, as well as the manner in which the company reports to external stakeholders.

During 2018, at its strategy and risk workshop, the board satisfied itself that value creation across the various capitals was integrated into the company's strategy. In monitoring the implementation of the strategy, the board ensured that the company was able to respond to both the risks and opportunities of the company's activities in the combined context of the economy, society and the environment in which it operates, as well as in relation to the capitals it affects.

The board is committed to ensuring that the company's reports enable stakeholders to make informed assessments of the company's performance and prospects, and carefully considers management's process for presenting and preparing the integrated report. The board believes that the relevant frameworks and reporting standards used are appropriate and that the material financial and nonfinancial information provided is reliable.

Induction and training

An induction programme, administered by the company secretary with the support of the nomination committee, is in place to ensure that new directors are adequately briefed and have the requisite knowledge of the company and its operations. The programme further outlines the director's fiduciary and statutory duties and provides guidance on all legal and governance-related obligations. Directors receive informative updates and training throughout their tenure which keeps them abreast of economic, regulatory and industry trends. In February 2018, the board attended formal training facilitated by Java Capital, the company's sponsor, on the directors' continuing obligations under the Listings Requirements. The session included topics such as price-sensitive information and the communication thereof, directors' dealings, cautionary announcements and trading statements.

Board evaluation

The nomination committee is responsible for the annual assessment of the board's performance and the appropriateness and effectiveness of the board, its committees, individual directors and governance procedures. The assessment process includes an appraisal of the chairperson of the board, committee chairperson, CEO and financial director. During 2017, a comprehensive independent evaluation of the board was undertaken by an external service provider in line with best practice, to ensure that the board is in a position to add value to the company through the alignment of composition and skills to strategy and performance. As recommended in King IV and during 2018, the nomination committee set aside time to consider, reflect on and discuss the performance of the board and that of its chairperson and members as a whole. Matters that needed to be addressed in order to improve the board's performance were reported to the board and actioned accordingly.

Integrated legitimacy

Integrated legitimacy through stakeholder relations

The board recognises the importance of stakeholder relations and accepts responsibility for the governance thereof. The matter is given significant attention on the agenda of the social, ethics and transformation committee and is similarly considered by the remuneration committee in accordance with developments in remuneration governance practice.

The company's material stakeholders have been identified and formal mechanisms established to balance their needs, interests and expectations in the best interests of the company over time. In line with our brand positioning statement, 'Redefining relationships', stakeholder engagement strategies have been formulated to enable the board to understand and respond to stakeholders' legitimate concerns, form collaborative partnerships, find solutions to collective challenges and drive development in the communities in which the company operates.

With specific reference to shareholder engagement, annual perception surveys are conducted with investors and analysts, the results of which form the basis of the company's annual investor communication plan. Management facilitates regular and pertinent communication with shareholders during periodic roadshows, presentations, site visits and one-on-one meetings and similarly encourages shareholder attendance at the company's annual general meetings. Non-executive directors, and more specifically the chairpersons of the various board committees, are present at these meetings in order to interact with shareholders accordingly.

In addition to these meetings and briefings at which shareholders can raise issues, the company communicates with its shareholders by means of its 'breaking news' distributions, thought leadership articles and insights, integrated and interim reports, media announcements, circulars and announcements through the JSE Stock Exchange News Service (SENS).

# Corporate governance (continued)

## Board committees

The roles, responsibilities and composition of the board committees are described below. The responsibilities delegated to these committees are formally documented in each committee’s terms of reference, which are approved by our board and reviewed on an annual basis. After each committee meeting, committee chairpersons report back to our board, which facilitates transparent communication between directors and ensures that all aspects of the board’s mandate are addressed.























The amendments made to the composition of the board provided an opportunity to similarly refresh the composition of the committees and these amendments are fully described below. The board is satisfied that the committees remain competent to deal with the company’s current and emerging risks and opportunities.

## Audit and risk committee

### COMMITTEE COMPOSITION AND MEETING PROCEDURES

The committee, appointed by the board and approved by shareholders at the company’s AGM on 15 February 2018, comprised three independent non-executive directors, all of whom satisfied the requirements of section 94(4) of the Companies Act. As a collective and having regard to the size and circumstances of the group, the committee was adequately skilled and all members possessed the appropriate financial and related qualifications, skills, financial expertise and experience required to discharge their responsibilities.

During the 2018 financial year, the committee met on six occasions and meetings were scheduled in line with the group’s financial reporting cycle. The committee also met separately with the internal and external auditors.

NAME	AGE	APPOINTED	DESIGNATION	ATTENDANCE	EXPERTISE		
<b>Phumzile Langeni</b> BCom, BCom (Hons), MCom	44	February 2017	<b>Independent non-executive</b> chair	100% 6/6 meetings	   		
<b>Bernard Nackan</b> BA Economics, SEP	74	October 2009	<b>Independent non-executive</b> member	100% 6/6 meetings	    		
<b>David Nathan</b> CA(SA)	69	March 2014	<b>Independent non-executive</b> member	100% 6/6 meetings	    		
<b>Other regular meeting attendees (by invitation)</b>	Executive chair, chief executive officer, financial director, chief operating officer, group financial management, head of risk and compliance, internal and external audit						
 Leadership	 Finance	 Industry/operations	 Risk and opportunity management	 Tax	 Compliance and governance	 Environmental sustainability	 Human resources

### OUR FOCUS AREAS FOR 2018

- During the financial year, the committee’s **primary purpose** comprised providing oversight for:
- Financial matters
  - Reviewing the expertise, resources and experience of the finance function, including the group’s financial director
  - Evaluating financial reporting and accounting practices
  - Overseeing internal financial controls and compliance

→ External audit-related matters















→ Internal audit matters

→ Governance functional areas
  - Evaluating risk governance
  - Providing oversight for information and technology (IT) governance
  - Assessing the integrated report

The committee spent its time as follows:





























Matters discussed touched on the following elements of value creation for the business:

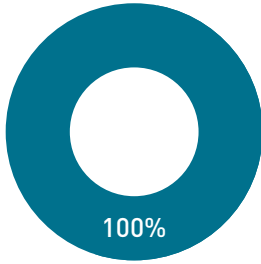
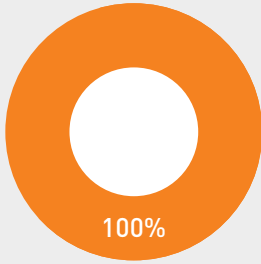
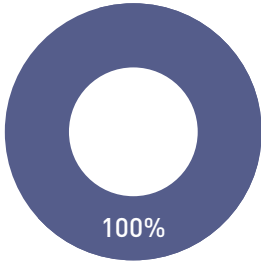







RESOURCES		STAKEHOLDERS	MATERIAL MATTERS	
	Financial capital	Investors and funders		Operate efficiently
	Manufactured capital			Invest strategically
	Human capital	<b>BUSINESS ACTIVITIES</b> Support services Capital management		Optimise capital
	Intellectual capital			Engage talent
				Grow reputation
GOVERNANCE OUTCOMES			SUSTAINABLE DEVELOPMENT GOALS	
	Good performance		<div><div> 8 ECONOMIC GROWTH</div><div> 9 INDUSTRIAL INNOVATION AND INFRASTRUCTURE</div><div> 11 SUSTAINABLE CITIES AND COMMUNITIES</div></div>	

### AUDIT COMMITTEE COMPOSITION IN THE 2019 FINANCIAL YEAR

As a result of the resignations of Phumzile Langeni and David Nathan from the board, effective 2 November 2018, and Bernie Nackan’s indication that he will not stand for re-election at the AGM in February 2019, the board resolved to reconstitute the audit committee as follows:

NAME	AGE	APPOINTED	DESIGNATION	EXPERTISE
Bridgitte Mathews BCom Accounting; BCom Accounting (Hons); CA(SA); HDip Tax	49	November 2018	Independent non-executive chair	    
Lesego Sennelo BCompt; BCom Accounting (Hons); HDip Auditing; CA(SA)	41	November 2018	Independent non-executive member	     
Sindi Zilwa BCompt; CA(SA); CD(SA)	51	November 2018	Independent non-executive member	     
        				

### DIVERSITY OF MEMBERSHIP IN 2019

INDEPENDENCE	GENDER	RACE
 100%	 100%	 100%
  	 	 

# Corporate governance (continued)

## Audit and risk committee (continued)

The aforementioned independent non-executive directors satisfy the requirements of section 94(4) of the Companies Act and possess the appropriate financial and related qualifications, skills, financial expertise and experience required to discharge their responsibilities. Their appointments will be put forward for approval by shareholders at the AGM in February 2019.

Furthermore, taking into account the increasing complexities of the committee's core oversight responsibilities, as well as the board's increasing mandate with regards to risk and opportunity management and risk and IT governance, the board resolved to reconstitute the committee into two separate committees, viz. an audit committee and a risk, compliance and technology committee. The members of this committee will comprise Amanda Dambuza, Lesego Sennelo and Sindi Zilwa.

### VALUE CREATION IN 2019

While the newly constituted audit 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 2019:

- External audit transition from KPMG to PwC
- Combined assurance
- Tax governance
- IFRS implementation (including IFRS 9, IFRS 15 and IFRS 16)

The audit and risk committee's full report detailing, *inter alia*, the manner in which the committee discharged its responsibilities in the 2018 financial year, is set out in our **AFS** report.

## Social, ethics and transformation committee
























### COMMITTEE COMPOSITION AND MEETING PROCEDURES

The committee is constituted as a statutory committee in terms of its duties set out in sections 72(4) and (5) of the Companies Act and its associated regulations. Despite being a statutory committee, it is constituted by the board and fulfils the required functions on behalf of the company and all its subsidiaries.

- Legal and regulatory affairs
- Ethics and compliance
- BBBEE
- Consumer affairs, whistle-blowing lines, investigations and human resources
- Sustainability and corporate affairs

The committee performs an oversight and monitoring role with regard to overall direction and control of social responsibility performance and ensures that the company's business is conducted in an ethical and properly governed manner. Specific management members are invited to attend the committee's meetings to obtain guidance and report back on performance with regard to:

The committee complies with all relevant legislation, regulation and governance codes and executes its duties in terms of the requirements of King IV.

NAME	AGE	APPOINTED	DESIGNATION	ATTENDANCE	EXPERTISE		
Ntombi Langa-Royds BA(Law); LLB	56	May 2016	Independent non-executive chair	100% 4/4 meetings	   		
Leon Kok BCom Accounting, BCom Accounting Honours and CA(SA)	47	October 2014	Executive member	100% 4/4 meetings	     		
David Nathan CA(SA)	69	August 2011	Independent non-executive member	100% 4/4 meetings	    		
Other regular meeting attendees (by invitation)	Chief executive officer, financial director, director of development, head of marketing and communications, head of human resources, head of risk and compliance, head of utilities						
 Leadership	 Finance	 Risk and opportunity management	 Technology and information governance	 Tax	 Compliance and governance	 Environmental sustainability	 Human resources

### OUR FOCUS AREAS FOR 2018

During the financial year, the committee focused on the following objectives:

- Transformation

  - ↻ Maintaining appropriate policies and providing guidance with regards to transformation initiatives for approval by the board, including racial and gender diversity policies in line with the JSE Listings Requirements
- ↻ Monitoring the implementation of transformation policies, practices and procedures to ensure compliance with current and evolving legislation and related regulations in South Africa, with particular reference to the Broad-Based Black Economic Empowerment Act of 2003 and the Employment Equity Act

- Social and economic development

  - ↻ Monitoring the social and economic development of the company, including the company's standing in terms of the goals and principles set out in the United Nations Global Compact Principles and the Organisation for Economic Co-operation and Development's recommendations regarding corruption
- Ethical conduct

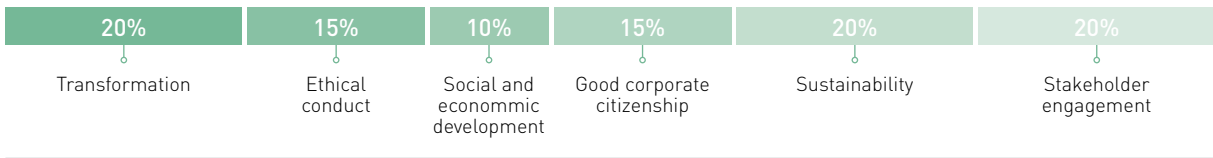
  - ↻ Reviewing and approving the company's code of conduct and all policies and procedures in relation thereto
  - ↻ Overseeing the implementation of annual ethics surveys, used to assess the company's ethical status in relation to both internal and external stakeholders
- Good corporate citizenship

  - ↻ Monitoring the promotion of equality, prevention of unfair discrimination and reduction of corruption
  - ↻ Considering the company's contribution to the development of the communities in which its activities are predominately conducted
  - ↻ Considering sponsorship, donations and charitable giving
- Sustainability






  - ↻ Considering the environment, health and public safety, including the impact of the company's activities thereon
  - ↻ Considering the company's standing in terms of the International Labour Organisation Protocol on decent work and working conditions
  - ↻ Monitoring employment relationships and the company's contribution towards the educational development of its employees
  - ↻ Reviewing workplace health and safety issues in accordance with the Health and Safety Act 85 of 1993
  - ↻ Considering the top sustainability issues as determined by management and recommending the approval of same to the board
- Stakeholder engagement

  - ↻ Monitoring the company's activities regarding consumer relationships, including advertising, public relations and compliance with consumer protection laws
  - ↻ Considering stakeholder management in terms of King IV, which addresses the concept of a stakeholder-inclusive approach to governance

The committee spent its time as follows:



















Matters discussed touched on the following elements of value creation for the business:

RESOURCES		STAKEHOLDERS	MATERIAL MATTERS	
	Financial capital	Investors and funders		Operate efficiently
	Manufactured capital	BUSINESS ACTIVITIES		Optimise capital
	Intellectual capital		Capital management	
GOVERNANCE OUTCOMES			SUSTAINABLE DEVELOPMENT GOALS	
	Good performance		Effective control	<div><div> 8</div><div> 9</div><div> 11</div></div>

### COMMITTEE COMPOSITION IN THE 2019 FINANCIAL YEAR

As a result of David Nathan's resignation with effect from 2 November 2018 and in order to bolster the independence of the committee, the board resolved to reconstitute the committee as follows:

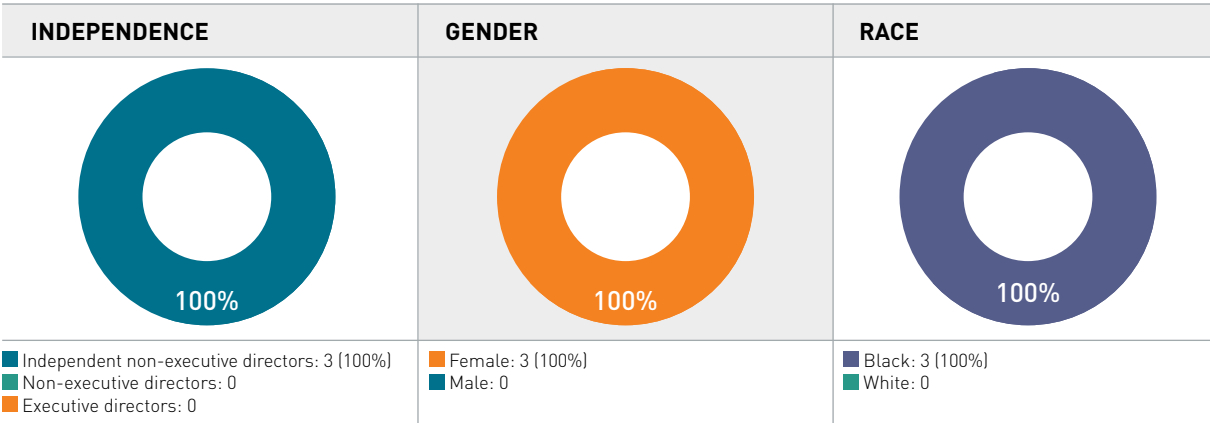
NAME	AGE	APPOINTED	DESIGNATION	EXPERTISE
Ntombi Langa-Royds BA(Law); LLB	56	May 2016	Independent non-executive chair	   
Amanda Dambuza BA Social Sciences, certified (PMP®), PRINCE2®, AGILE and ITILL practitioner	41	November 2018	Independent non-executive member	   
Sindi Zilwa BCompt, CA(SA) and CD(SA)	52	November 2018	Independent non-executive member	    
 Leadership  Finance  Industry/operations  Risk and opportunity management  Technology and information governance  Tax  Compliance and governance  Environmental sustainability  Human resources  Sales and marketing				



Corporate governance (continued)

Social, ethics and transformation committee (continued)
























DIVERSITY OF MEMBERSHIP IN 2019



Remuneration committee

COMMITTEE COMPOSITION AND MEETING PROCEDURES

During the 2018 financial year, the committee met on four occasions.

NAME	AGE	APPOINTED	DESIGNATION	ATTENDANCE	EXPERTISE
<b>Bridgitte Mathews</b> BCom Accounting; BCom Accounting (Hons); CA(SA); HDip Tax	49	February 2017	<b>Independent non-executive chair</b>	100% 4/4 meetings	    
<b>Harish Mehta</b> BSc, MBA	68	July 2013	<b>Non-executive member</b>	100% 4/4 meetings	    
<b>Bernard Nackan</b> BA Econ, SEP	74	November 2009	<b>Independent non-executive member</b>	100% 4/4 meetings	    
<b>Other regular meeting attendees (by invitation)</b>	Executive chair, chief executive officer, financial director, chief operating officer, head of human resources and an independent remuneration advisor				
 Leadership  Finance  Industry/operations  Risk and opportunity management  Tax  Compliance and governance  Human resources  Sales and marketing					

OUR FOCUS AREAS FOR 2018

During the financial year, the committee's **primary purpose** comprised monitoring the achievement of the company's strategic objectives. To this end, the committee focused on the following remuneration elements:

→ Total guaranteed package (TGP)

- Reviewing executive directors' total remuneration and overall TGP increases against the market
- Reviewing employee group risk benefits, contributions and the appropriateness of the current provident fund manager

→ Short-term incentives (STI)

- Reviewing STI bonus methodology and approving FY2018 bonuses
- Considering and approving key performance indicators for executives

→ Long-term incentives (LTI)

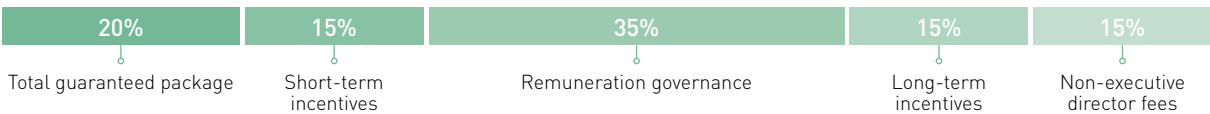
- Reviewing scheme rules and approving awards to executives thereunder
- Reviewing and overseeing the implementation of the long-term staff incentive scheme

→ Non-executive directors

→ Remuneration governance

- Reviewing and monitoring implementation of the remuneration policy and strategy
- Proactively engaging with stakeholders
- Reviewing and monitoring implementation with the malus and clawback policy and Minimum Shareholding Requirement

The committee spent its time as follows:




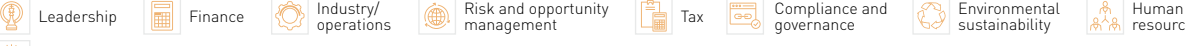



Matters discussed touched on the following elements of value creation for the business:

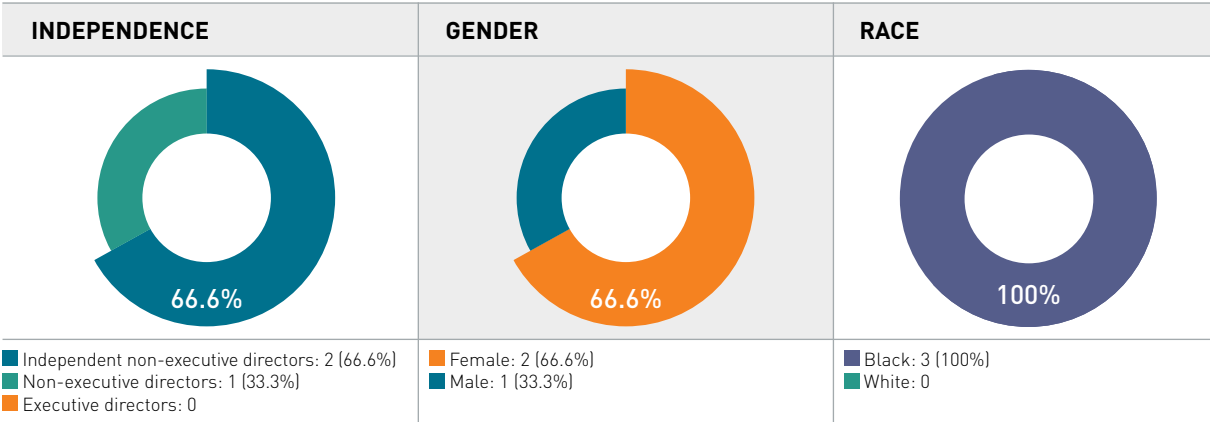
RESOURCES	STAKEHOLDERS	MATERIAL MATTERS
 Human capital	Employees	 Operate efficiently
 Social and relationship capital	<b>BUSINESS ACTIVITIES</b>	 Engage talent
 Intellectual capital	Enabling	 Grow reputation
GOVERNANCE OUTCOMES		SUSTAINABLE DEVELOPMENT GOALS
 An ethical culture	 Good performance	 
 Legitimacy		

COMMITTEE COMPOSITION IN THE 2019 FINANCIAL YEAR

As a result of Bernie Nackan's indication that he will not stand for re-election at the AGM in 2019, the board resolved to reconstitute the committee as follows:

NAME	AGE	APPOINTED	DESIGNATION	EXPERTISE
<b>Bridgitte Mathews</b> BCom Accounting; BCom Accounting (Hons); CA(SA); HDip Tax	49	February 2017	Independent non-executive chair	
<b>Ntombi Langa-Royds</b> BA(Law); LLB	56	November 2018	Independent non-executive member	
<b>Harish Mehta</b> BSc, MBA	68	July 2013	Non-executive member	
				
				

DIVERSITY OF MEMBERSHIP IN 2019



VALUE CREATION IN 2019

In 2019, the remuneration committee will continue to monitor the implementation of the remuneration policy and discuss same with our institutional investors to ensure that we deliver maximum value to them. Going forward, the committee will review the vesting conditions for the matching and restricted share schemes for executives approaching retirement and review the appropriateness of the total remuneration and variable pay comparator groups.



























The remuneration committee's full report detailing, *inter alia*, the manner in which the committee discharged its responsibilities in the 2018 financial year, directors remuneration and the company's remuneration policies and practices is set out on pages 83 to 108.

# Corporate governance (continued)

## Nomination and governance committee

### COMMITTEE COMPOSITION AND MEETING PROCEDURES

During the 2018 financial year, the committee met on four occasions.

NAME	AGE	APPOINTED	DESIGNATION	ATTENDANCE	EXPERTISE
<b>Bernard Nackan</b> BA Econ, SEP	74	November 2009	<b>Independent non-executive</b> chair	100% 4/4 meetings	     
<b>Bridgitte Mathews</b> BCom Accounting; BCom Accounting (Hons); CA(SA); HDip Tax	49	February 2017	<b>Independent non-executive</b> member	100% 4/4 meetings	     
<b>Harish Mehta</b> BSc, MBA	68	July 2013	<b>Non-executive</b> member	100% 4/4 meetings	     
<b>Other regular meeting attendees (by invitation)</b>	Executive chair, chief executive officer, financial director, chief operating officer, head of human resources				
<div><div> Leadership</div><div> Finance</div><div> Industry/operations</div><div> Risk and opportunity management</div><div> Tax</div><div> Compliance and governance</div><div> Human resources</div><div> Sales and marketing</div></div>					

During the year under review, all members of the nomination committee were non-executive directors, the majority of which were independent. The chairperson and members of the committee were elected by the board, and all members were suitably qualified and had the necessary expertise required to discharge their responsibilities.

The committee operates in terms of the company's director appointment policy which guides the formal, transparent, fair

and consistent conduct of the nomination and election process of members to the board. The committee similarly operates within its documented mandate and complies with all relevant legislation, regulation and governance codes.

PwC continues to act as a standing advisor to the committee with regards to the recruitment and appointment of executive staff and directors, as well as with regard to market practices in terms of board composition and diversity.

### OUR FOCUS AREAS FOR 2018

During the financial year, the committee's **primary purpose** comprised monitoring the achievement of the company's strategic objectives. To this end, the committee focused on the following governance elements:

#### → Board and committee composition

- Reviewing and evaluating the structure, size and composition of the board and considering what may be required to meet the company's business and strategic needs going forward. The committee concluded that there was a need for additional renewal at board level and made recommendations to the board with regard to the appointment of new independent directors, Messrs A Dambuza, L Sennelo and S Zilwa, in line with these findings, as well as the company's policy on gender diversity
- Conducting formal and transparent selection processes in line with the company's director appointment policy and accordingly identifying and nominating the candidates referred to above
- Reviewing the composition of each of the board committees, as well as the roles and responsibilities of the committee chairs, and recommending changes to the board post the board renewal appointments and retirements/resignations previously discussed
- Rigorously reviewing the independence of each non-executive director and considering their term in office and any potential conflicts of interest
- Reviewing the time commitment required from each non-executive director, taking into account the number of meetings, preparation for and attendance

#### → Succession planning

- Considering succession planning and management development, taking into account the current challenges and opportunities facing the company, as well as the skills and expertise required by the company going forward
- Focussing on the recruitment of an independent non-executive chairperson to succeed Mr Wainer upon his resignation from the position of executive chair

#### → Board evaluation

- Overseeing the annual board evaluation process which was conducted informally during 2018, and considering the results thereof
- Addressing issues raised in order to improve board performance and monitoring relevant actions accordingly

#### → Corporate governance matters

- Monitoring the boards performance in terms of its racial and gender diversity targets and ensuring that board appointments were made with due consideration thereof
- Reviewing the appropriateness of directors standing for re-election at the AGM in February 2019, and making recommendations to the board

The committee spent its time as follows:




































Matters discussed touched on the following elements of value creation for the business:

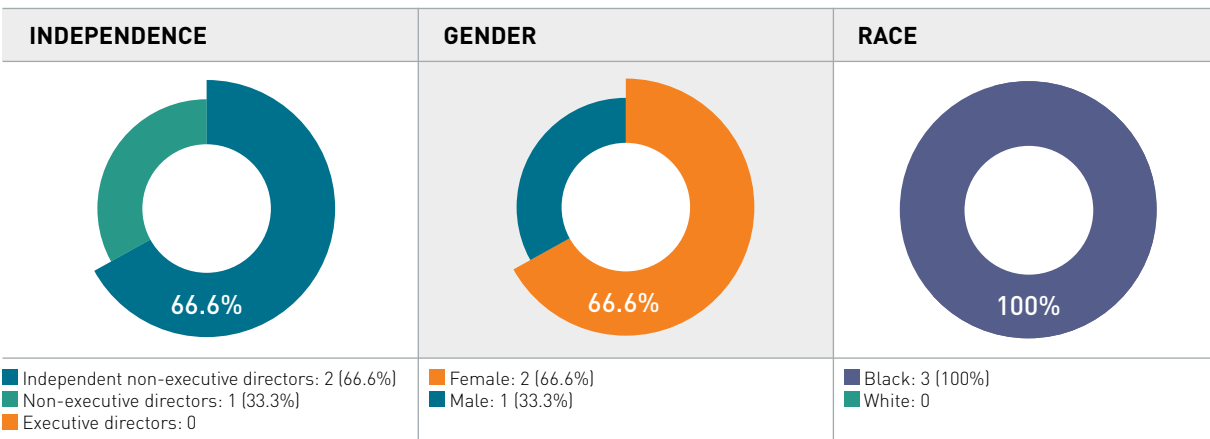
RESOURCES	STAKEHOLDERS	MATERIAL MATTERS
 Human capital	Investors and funders Employees Tenants Brokers and suppliers Communities	 Engage talent
 Natural capital	<b>BUSINESS ACTIVITIES</b> Enabling	 Grow reputation
GOVERNANCE OUTCOMES		SUSTAINABLE DEVELOPMENT GOALS
 An ethical culture	 Good performance	   
 Effective control		

### COMMITTEE COMPOSITION IN THE 2019 FINANCIAL YEAR

As a result of Bernie Nackan's indication that he will not stand for re-election at the AGM in 2019, the board resolved to reconstitute the committee as follows:

NAME	AGE	APPOINTED	DESIGNATION	EXPERTISE
<b>Harish Mehta</b> BSc, MBA	68	July 2013	Non-executive chair	       
<b>Ntombi Langa-Royds</b> BA(Law); LLB	56	November 2018	Independent non-executive member	       
<b>Bridgitte Mathews</b> BCom Accounting; BCom Accounting (Hons); CA(SA); HDip Tax	49	February 2017	Independent non-executive member	       
 Leadership  Finance  Industry/operations  Risk and opportunity management  Tax  Compliance and governance  Environmental sustainability  Human resources  Sales and marketing				

### DIVERSITY OF MEMBERSHIP IN 2019



# Corporate governance (continued)

## Nomination and governance committee (continued)

### VALUE CREATION IN 2019

While the committee will continue to operate within its terms of reference and ensure that meetings address all regular matters reserved for its consideration, the following additional key activities are expected to require the committee’s attention during 2019:

- The appointment of an independent non-executive chairperson
- Succession planning for both executive and non-executive directors
- Training and professional development
- Monitoring of conflicts of interest, directors dealing in company securities, declarations of interest and independence

## Investment committee

### COMMITTEE COMPOSITION AND MEETING PROCEDURES

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 properties, developments and listed securities, in line with the company’s investment strategy and targets.

During the 2018 financial year, the committee met on five occasions.

NAME	AGE	APPOINTED	DESIGNATION	ATTENDANCE	EXPERTISE		
Bernard Nackan BA Econ, SEP	74	November 2009	Independent non-executive chair	100% 5/5 meetings	    		
Marius Barkhuysen	62	February 2017	Independent non-executive member	100% 5/5 meetings	  		
Andrew König BCom; BAcc; CA(SA)	51	January 2011	Executive member	100% 5/5 meetings	         		
Marc Wainer	70	November 1999	Executive member	100% 5/5 meetings	   		
Other regular meeting attendees (by invitation)	Chief operating officer and head of acquisitions and disposals						
 Leadership	 Finance	 Industry/operations	 Risk and opportunity management	 Tax	 Compliance and governance	 Human resources	 Sales and marketing

### OUR FOCUS AREAS FOR 2018

During the financial year, the committee focused on the following objectives:

- Investment/divestment opportunities
  - ↗ Considering, evaluating and monitoring investment/divestment opportunities in respect of properties, listed securities, corporate actions and other strategic investments and providing direction and assurance to the board on the strategic considerations, compliance obligations and risks relevant thereto
- ↗ Approving acquisitions, disposals, developments and capital expenditure in line with approved financial authority thresholds and the company’s investment strategy
- Investment practices
  - ↗ Ensuring that the investment practices referred to above are carried out by the company in a responsible manner, thereby promoting good governance and the creation of value for stakeholders

The committee spent its time as follows:



























Matters discussed touched on the following elements of value creation for the business:

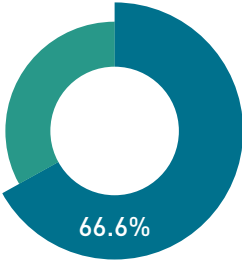
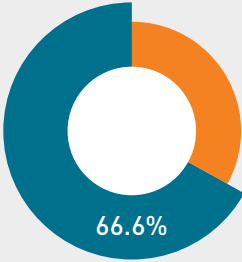
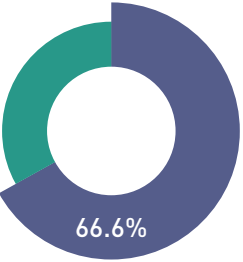







RESOURCES	STAKEHOLDERS	MATERIAL MATTERS
 Financial capital	Investors and funders Brokers and suppliers	 Invest strategically
 Manufactured capital	<b>BUSINESS ACTIVITIES</b>  Capital management Acquiring Developing Disposing	 Optimise capital   Grow reputation
GOVERNANCE OUTCOMES		SUSTAINABLE DEVELOPMENT GOALS
 Effective control	 Good performance	 

### COMMITTEE COMPOSITION IN THE 2019 FINANCIAL YEAR

As a result of Bernie Nackan’s indication that he will not stand for re-election at the AGM in 2019, the board resolved to reconstitute the committee as follows:

NAME	AGE	APPOINTED	DESIGNATION	EXPERTISE
<b>Marius Barkhuysen</b>	62	February 2017	<b>Independent non-executive</b> member	  
<b>Harish Mehta</b> BSc, MBA	68	November 2018	<b>Non-executive</b> member	     
<b>Lesego Sennelo</b> BCompt; BCom Accounting (Hons); HDip Auditing; CA(SA)	41	November 2018	<b>Independent non-executive</b> member	      
       				

### DIVERSITY OF MEMBERSHIP IN 2019

INDEPENDENCE	GENDER	RACE
 66.6%	 66.6%	 66.6%
 Independent non-executive directors: 2 (66.6%)  Non-executive directors: 1 (33.3%)  Executive directors: 0	 Female: 1 (33.3%)  Male: 2 (66.6%)	 Black: 2 (66.6%)  White: 1 (33.3%)





ESG 2018  
**Remuneration  
report**

# Remuneration report 2018

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## PART 1: Introduction

### Letter from the chairperson of the remuneration committee to shareholders

#### DEAR SHAREHOLDERS

I am pleased to present Redefine’s remuneration report for the 2018 financial year (FY2018). We continue to believe that appropriately designed, fair and market-related remuneration will drive and retain high-calibre employees who contribute positively to Redefine’s strategic objectives. Our remuneration framework is designed to support the company’s employment philosophy of attracting self-starting, skilled employees who subscribe to Redefine’s values and culture of enterprise and innovation. Our certification as a Top Employer by the Top Employers Institute is a testament to our commitment to exceptional employee conditions, excellence in professional development and opportunities that we provide for career advancement.

A key objective of this report is to describe how Redefine has implemented its remuneration policy throughout the organisation. The report shows a strong link between pay and performance, and the company has taken solid steps to ensure that executive salary increases are justifiable in the current market, and carefully considered against average increases for all employees below executive level. There are also clear links between the overall company strategy, specifically Redefine’s strategic objectives, and the company’s remuneration policy, in particular the variable pay performance conditions.

#### CONTEXT

It has been a tough year, recovering and building momentum from the challenges faced by the South African economy, and the downgrades by international ratings agencies have continued to affect trading and investment conditions across every sector. Our financial and strategic performance are set out in detail in the CEO’s review, please refer to our [IR](#). The composition of the board of directors has changed, as fully discussed in the corporate governance section of this report, refer to [pages 63 to 64](#). Notably, Marc Wainer intends to step down as executive chairman of the board, but will remain in the role until an independent non-executive chairperson is appointed. This appointment is a top priority. Marc will remain an executive director of Redefine following the appointment of the new chairperson.

As in the previous year, we will put the forward-looking remuneration policy (as set out in part 2) and the remuneration report (as set out in part 3) to two separate non-binding advisory votes at the 2018 AGM). We are grateful and thank our shareholders for the significant support we received at last year’s AGM. The company remains a recognised leader in integrated reporting, and disclosure of remuneration in this report is designed to be fully transparent and easily understandable.

# Letter from the chairperson of the remuneration committee to shareholders

(continued)

## Shareholder engagement






Redefine proactively engaged with its shareholders during 2018 to discuss investor concerns regarding the remuneration policy and the implementation thereof.

At the 2017 AGM (held on 15 February 2018), 90.0% of the shareholders endorsed the remuneration policy and 88.4% of the shareholders endorsed the implementation report. We have disclosed the shareholder comments on our remuneration framework, and our responses thereto, in the table below.

Shareholder comments	Remco responses
The total guaranteed package (TGP) of executive directors (especially the CEO and remuneration for the chairperson of the board) increased for FY2017 despite substantial increases in TGP in the previous financial year (FY2016).	The TGP increases in FY2016 were motivated by realignment with market benchmarks relevant to Redefine. In determining the size of the increases, we take into account the size of the average TGP increases across the organisation. In FY2017 an inflationary increase of 6% was applied.
A portion of the restricted share scheme (RSS) continues to vest subject only to continued employment.	We regard the retention component of the RSS to be essential in our strategy to retain key skills. Note that this percentage was previously significantly reduced from a 40% to a 25% maximum, which amounts to only a quarter of an award under the RSS. The majority of the overall annual RSS award remains subject to the company financial performance (60%) and individual performance (15%) components.
The maximum bonus opportunity for executive directors remains overly generous, being 200% of TGP.	<p>The 200% component of the STI formula should be considered in conjunction with the introduction of a bonus deferral mechanism and is in line with the total remuneration of the peer comparator group.</p> <p>In total, 50% is payable in cash and 50% in deferred RSS vesting in equal tranches over three years at the end of each year following the award. Actual company and individual performance are measured against a scorecard, and the targets set out in the performance scorecard translate to a maximum STI achievable. The 200% requires a high level of outperformance.</p> <p>Should the overall STI score be less than 60%, no STI bonus is payable.</p>
The majority of performance hurdles for the LTIs should measure operational returns in excess of cost of capital, plus an appropriate margin. These hurdles should be agreed with shareholders in advance.	We are of the opinion that Net Tangible Asset Value (NTAV), growth in distribution per share and achievement of budgeted distributions remain the most appropriate measurement of long-term performance considering our industry and business strategy.
It could be viewed that the STI criteria promotes a long-term focus whereas the LTI criteria promotes a short-term focus. Consideration should be given to swap the criteria around.	In line with Redefine's remuneration philosophy of continuously reviewing its remuneration practises, consideration will be given to this in the coming year.
The appropriateness of the variable pay peer group should be considered given the significant changes in the SAPY index.	Redefine, in line with its policy to formally review comparator groups every three years, will review its total remuneration, as well as variable pay comparator groups in FY2019.

## Activities of the remuneration committee (Remco) in FY2018

The Remco's activities for FY2018 were geared towards monitoring the achievement of Redefine's strategic objectives. Refer to the [IR](#).

REMUNERATION ELEMENT	KEY ACTIVITY
 <b>Total guaranteed package (TGP) including benefits</b>	<ul style="list-style-type: none"><li>→ Reviewed executive directors' total remuneration, and reviewed and approved overall TGP increases for all levels against the market. The increases were made in the best interests of the company, and the Remco took into account the average increase levels for employees across the company</li><li>→ Reviewed the employee group risk benefits, as well as standard conditions of service for all employees, and reviewed the appropriateness of the current provident fund manager</li><li>→ Reviewed and approved increase to provident fund contributions</li></ul>
 <b>Short-term incentives (STI)</b>	<ul style="list-style-type: none"><li>→ Reviewed STI bonus methodology and approved the FY2018 staff, management and executive director bonuses</li><li>→ Considered and approved the KPIs for the executive directors</li><li>→ Considered and approved a once-off opportunity for executive directors who did not earn a STI bonus for the 2017 financial year to transfer a maximum of 60% of after-tax deferred shares into the Matching Share Scheme (MSS)</li></ul>
 <b>Long-term incentives (LTI)</b>	<ul style="list-style-type: none"><li>→ Reviewed the terms of the RSS and MSS scheme rules</li><li>→ Reviewed and approved proposed awards to executive directors under the RSS and MSS schemes</li><li>→ Made awards under the LTI schemes to eligible employees and approved vesting of awards</li><li>→ Reviewed and oversaw the implementation of the long-term staff incentive scheme</li></ul>
 <b>Non-executive directors</b>	<ul style="list-style-type: none"><li>→ Reviewed non-executive directors' fees with the assistance of executive management and the remuneration advisor PwC</li></ul>
 <b>Remuneration governance</b>	<ul style="list-style-type: none"><li>→ Reviewed the implementation of the remuneration policy and strategy</li><li>→ Engaged with stakeholders regarding the remuneration policy and implementation thereof, respectively</li><li>→ Considered and approved the annual work plan</li><li>→ Reviewed and approved the 2018 remuneration report</li><li>→ Reviewed and monitored the implementation of the malus and clawback policy</li><li>→ Monitored the achievement and continued maintenance of the Minimum Shareholding Requirement (MSR) to support the direct alignment of management with shareholders through holding Redefine shares throughout their tenure</li><li>→ Reviewed the terms of reference and recommended them to the board for approval</li></ul>



# Letter from the chairperson of the remuneration committee to shareholders

(continued)

## Areas of focus

In FY2019, the Remco will continue to monitor the implementation of the remuneration policy, and discuss the remuneration policy with our institutional investors to ensure that we deliver maximum value to them. Going forward, we will review the vesting conditions for the MSS and RSS schemes for executives approaching retirement and review the appropriateness of the total remuneration and variable pay comparator groups.

## Remuneration advisors

To ensure that the remuneration policy and its implementation are informed by market-related data, we have retained PwC as the independent remuneration advisor to the Remco. The Remco is satisfied that in rendering its services, PwC was at all times independent and objective.

## In conclusion

Overall, the Remco is satisfied that the FY2018 remuneration policy achieved its stated objectives for the year. Nevertheless, we continuously aim to improve our remuneration practices in line with our quest to be the best in all aspects of what we do. Accordingly, we welcome any comments that you may have on our report or any concerns regarding the remuneration policy or the implementation thereof. We look forward to receiving your support on the resolutions for both the remuneration policy and implementation report at the AGM on 14 February 2019.

Yours sincerely,



**Bridgitte Mathews**  
Chairperson  
Remuneration committee



# PART 2: The remuneration policy

## Remuneration governance

The Remco operates independently from executive management. It provides oversight and makes recommendations on remuneration-related decisions to the board for its consideration and final approval. The Remco is governed by its terms of reference, which are reviewed and amended as and when required and approved by the board. The Remco meets four times a year, and its attendance record is set out in the corporate governance section of this report. In summary, the role and duties of the Remco are to:

- Advise the board in determining appropriate remuneration strategies
- Ensure that the link between performance and reward is maintained
- Oversee the development of remuneration instruments and policies
- Devise and recommend a policy that results in fair, responsible and transparent remuneration for directors, the CEO and other executives, as well as general staff
- Review and approve the company's recruitment, retention and termination policies and procedures for senior executives to enable the company to attract and retain executives and directors who can create value for shareholders
- Oversee the establishment of a remuneration policy that articulates and gives effect to its direction on fair, responsible and transparent remuneration, and will promote the achievement of strategic objectives and encourage individual performance
- Ensure that the remuneration policy addresses company-wide remuneration and includes provision for the following, specifically:
  - ↗ Arrangements towards ensuring that the remuneration of executive management is fair and responsible in the context of overall employee remuneration in the company
  - ↗ The use of performance measures that support positive outcomes across the economic, social and environmental context in which the company operates, and/or all of the integrated reporting capitals that the company uses or affects
- Oversee the setting and administering of remuneration at all levels in the company
- Ensure that the remuneration policy and implementation report are put to two separate non-binding advisory votes at the AGM
- Ensure that the remuneration policy records the measures that the board commits to in the event that either the remuneration policy or the implementation report, or both, have been voted against by 25% or more of the shareholders at the AGM
- Ensure that any remuneration policy fairly and responsibly rewards executives, having regard to the performance of the company, the performance of the executive and prevailing remuneration trends in the market
- Review the outcomes of the implementation of the remuneration policy to determine whether the set objectives are being achieved
- Ensure that the mix of fixed and variable pay (in cash, shares and other elements) meets the company's needs and strategic objectives
- Satisfy itself as to the accuracy of recorded performance measures that govern the vesting of incentives
- Ensure that all benefits, including retirement benefits and other financial arrangements, are justified and correctly valued
- Consider the results of the evaluation of the performance of the CEO and other executive directors, both as directors and as executives, in determining remuneration
- Select an appropriate comparator group when comparing remuneration levels
- Regularly review incentive schemes presented by management to ensure continued contribution to shareholder value and that these are administered in terms of the relevant plan rules
- Consider the appropriateness of early vesting of share-based schemes for certain employees upon termination of employment
- Advise on the remuneration of non-executive directors
- Oversee the preparation and recommendation to the board of the remuneration report to ensure that:
  - ↗ Remuneration is disclosed in three parts, namely a background statement, an overview of the remuneration policy and an implementation report
  - ↗ It is accurate, complete and transparent
  - ↗ It provides a clear explanation of how the remuneration policy has been implemented
  - ↗ It provides a sufficient level of disclosure as required in terms of King IV, or provides the rationale behind principles not applied by the company. Where the principles are not applied by the company, the Remco should review the rationale provided by the company and whether this is acceptable
  - ↗ It provides sufficient forward-looking information for stakeholders to pass a special resolution in terms of section 66(9) of the Companies Act 71 of 2008, as amended

# Remuneration governance (continued)

<p><b>The members of the Remco are:</b></p> <ul style="list-style-type: none"><li>→ Bridgitte Mathews</li><li>→ Bernie Nackan</li><li>→ Harish Mehta</li></ul>	<p>Invitees to Remco meetings have no vote and are not present when issues affecting their own remuneration are discussed.</p>
<p><b>Invitees to Remco meetings in the 2018 financial year were:</b></p> <ul style="list-style-type: none"><li>→ Marc Wainer (executive chairman)</li><li>→ Andrew König (chief executive officer)</li><li>→ Leon Kok (financial director)</li><li>→ David Rice (chief operating officer)</li><li>→ Renske Coetzee (head of human resources)</li><li>→ Bronwyn Baker (company secretary), and</li><li>→ The independent remuneration advisor attends Remco meetings from time to time, where relevant</li></ul>	<p>In line with the recommendations of King IV, the majority of the members of the Remco are independent non-executive directors. A full record of their independence is set out in the corporate governance section of this report. The Remco members do not decide on their own remuneration; instead they request that executive management propose directors' fees and the fee structure (through independent advice and benchmarking). These fees are then tabled before the board for approval, and then recommended to the shareholders for approval by special resolution.</p> <p>The Remco chairperson reports to the board following each Remco meeting and attends the AGM to respond to questions from shareholders on the Remco's areas of responsibility. The key decisions made by the Remco in FY2018 have been set out in part 1 of this report.</p>

# Redefine's remuneration philosophy

Remuneration is not a stand-alone management process, but 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 HR strategy which, in itself, supports the overall business strategy.

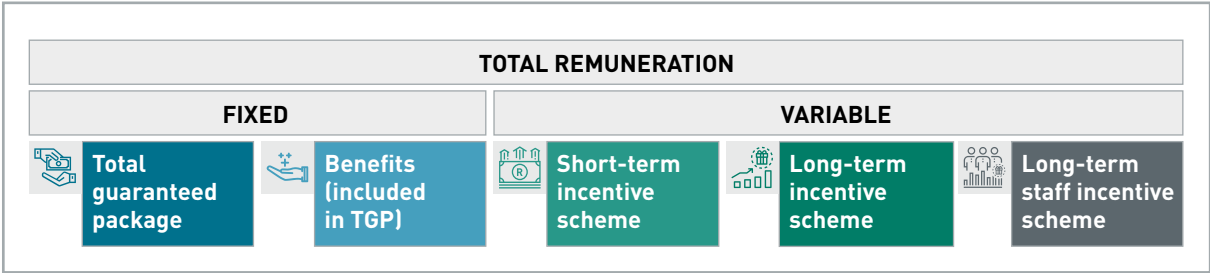
In line with King IV, the full remuneration policy document is available on Redefine's website, and is accessible at [www.redefine.co.za](http://www.redefine.co.za).The remuneration philosophy is also explained in part 1 of this report.

To reinforce a culture of enterprise and innovation, the targeted remuneration mix offered to key talent is deliberately weighted more heavily towards variable pay (STIs and LTIs) 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 encourage high performance, but avoid excessive risk-taking behaviour by executives. Financial rewards are complemented with non-financial rewards such as career development and training opportunities for individuals.

The desired outcomes from the company's remuneration policy include	
Enhanced internal fairness through consistent remuneration decision-making	An enhanced employer-of-choice profile
Appropriate and responsible remuneration decisions	Alignment with our desired corporate culture

# Remuneration structure and design

The remuneration policy is linked to sustainable value creation. The table below summarises the composition of total remuneration offered to all employees. The LTI component applies to executives and the long-term staff incentive scheme applies to employees below executive level.



TOTAL GUARANTEED PACKAGE		FIXED
TGP, and the policy of positioning it between the 50th and 75th percentile of the market, is positioned to attract and retain executives and key talent		<b>CHANGES IN THE YEAR</b> No material change
<b>PURPOSE</b> Core element that reflects market value of role, with increases linked to company and individual performance	<b>PERFORMANCE PERIOD</b> Reviewed annually in September (aligned to the company's financial year), based on company performance, consumer price index inflation, affordability and market surveys	
<b>OPERATION AND DELIVERY</b> <ul style="list-style-type: none"><li>→ Increases are effective on 1 September each year</li><li>→ Benchmarked against national and industry comparator companies</li><li>→ Positioned on average between the 50th and the 75th percentile</li></ul>		
BENEFITS (INCLUDED IN TGP)		FIXED
Benefits are positioned to attract and retain talent		<b>CHANGES IN THE YEAR</b> Provident fund percentage contributions increased  Remco is considering the appointment of a new provident fund asset manager
<b>PURPOSE</b> Provident fund, death and disability cover, and medical aid  Benefits paid by the company: Income continuation cover, funeral cover and administration costs	<b>PERFORMANCE PERIOD</b> Reviewed annually	
<b>OPERATION AND DELIVERY</b> <ul style="list-style-type: none"><li>→ Included in total remuneration benchmarking exercises</li></ul>		
SHORT-TERM INCENTIVE SCHEME		VARIABLE
Encourage disciplined growth and diversification of the property asset base by focusing on enhancing the value of assets (e.g. through the total return, based on the NTAV performance condition and total distribution). NTAV creates value for stakeholders by increasing the value of the company's investment property portfolio		<b>CHANGES IN THE YEAR</b> Amendments to the KPIs and changes to weightings
<b>PURPOSE</b> Create a high-performance culture by awarding a cash bonus in relation to performance against predetermined company and individual performance criteria	<b>PERFORMANCE PERIOD</b> Annual: The performance period is the same as the financial year, i.e. 1 September to 31 August	
<b>OPERATION AND DELIVERY</b> <ul style="list-style-type: none"><li>→ Payable in December each year in respect of the previous financial year. The key measures are total return on NTAV, individual performance indicators (based on financial and profitability targets), behavioural competencies (leadership, values and transformation) and sustainability</li></ul>		

# Remuneration structure and design (continued)

LONG-TERM INCENTIVE SCHEME		VARIABLE
The LTI schemes (RSS and MSS) encourage sustainable long-term returns for stakeholders. The individual performance component is designed to foster the achievement of the company's strategic objectives. The distribution-based components (i.e. budgeted distribution per share, and growth in recurring distribution per share) are aimed at delivering sustained value creation for shareholders over a long-term horizon		<b>CHANGES IN THE YEAR</b> Changed the key measure from growth in total distribution per share to growth in recurring distribution per share to align with our strategic priorities
<b>PURPOSE</b> Alignment with long-term shareholder interests and retention of key employees	<b>PERFORMANCE PERIOD</b> Three-year performance period	
<b>OPERATION AND DELIVERY</b> → The key measure is total shareholder return, measured by growth in recurring distribution per share and the achievement of budgeted distributions, as well as individual performance (through the STI performance score)		

LONG-TERM STAFF INCENTIVE SCHEME		VARIABLE
Functions as a part of Redefine's approach to fair and responsible remuneration and managing its internal wage gap. This scheme excludes executives		<b>CHANGES IN THE YEAR</b> No material change
<b>PURPOSE</b> Drives fair and responsible remuneration and creates wealth for employees across the company  Attract, retain, motivate and reward employees and aligns individual performance with company objectives	<b>PERFORMANCE PERIOD</b> Three-year performance period	
<b>OPERATION AND DELIVERY</b> → Consists of the following three awards: <ul style="list-style-type: none"><li>- Nil-cost option awards</li><li>- Conditional awards</li><li>- Cash bonus awards</li></ul> → Performance measures are imposed for all employees		

# Purpose of the remuneration policy

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

## Fair and responsible remuneration

### Internal equity

Redefine has taken proactive steps to realise the principle of fair and responsible remuneration across the company. Redefine conducts a rigorous examination of internal pay levels to ensure that they are aligned to the principle of equal pay for work of equal value and, if not, to identify and address any unjustifiable remuneration disparities. When considering remuneration and increases, the Remco measures executive remuneration and increases against remuneration and increases for employees across the company.

## Career development

We believe that fair and responsible remuneration is based on the premise of a living wage and, in principle, the basis of improving the lives of employees within our organisation, not only through pay, but also through wider initiatives. In line with this principle is our commitment to career development and the professional advancement of our employees. We encourage their development through various career-mapping and employee value proposition initiatives (these are expanded on in the social section of this report and the human capital section of the [IR](#) report).

## Long-term staff incentive scheme

The purpose of the long-term staff incentive scheme is to attract, retain, motivate and reward employees on a basis which aligns company performance and individual efforts at junior employment levels, and aligns the interests of mid-tier and senior employees with those of the company's shareholders. It also creates wealth on an organisation-wide basis, and forms part of its efforts to manage its internal wage gap.

Different instruments in terms of the scheme are used for different levels of staff, as illustrated below:

AWARDS	AWARDS TO EMPLOYEES BETWEEN
Nil-cost option awards	Paterson Grades E Lower to D Upper
Conditional awards	Paterson Grades D Lower to C Upper
Cash bonus awards	Paterson Grades C Lower to A

Full-time employees, excluding executives who have been employed for at least 12 months, will be eligible to participate in the scheme, within the parameters set out above.

The awards, under all three categories, are subject to performance conditions and a three-year vesting period. All awards are subject to continued employment.

## Nil-cost option awards

The nil-cost option awards are made annually, based on a percentage of TGP. The rand value of the award is converted into shares. The value per share that vests is the full value of the underlying share (nil strike price), but the number of shares that will vest will depend on the extent to which the company financial performance measures set at award date and individual performance have been met. After vesting, participants will have a defined period during which to exercise the nil-cost option. Upon exercise of the nil-cost option, participants can elect to either receive a specified number of shares, based on the number of nil-cost options exercised on the exercise date, or the cash equivalent to the value of the nil-cost options exercised on the exercise date. An additional number of shares, or the cash equivalent, can be received if participants postpone the exercise of the nil-cost options.

## Conditional awards

The conditional awards are made annually, based on a percentage of TGP. The rand value of the award is converted into phantom shares. The value per share that vests is the full value of the underlying share (nil strike price), but the number of shares that will vest will depend on the extent to which the company financial performance set at award date and individual performance have been met. These awards are settled in cash.

## Cash bonus awards

The cash bonus awards are made annually, based on a percentage of TGP. The vesting is subject to company financial performance and individual performance. These awards are settled in cash.



# Composition of executive director remuneration

Remuneration of the executive directors is structured taking cognisance of the short- and long-term objectives of the company, and is designed to support alignment with the company’s overall business strategy and financial performance. The mix is aimed at ensuring an optimal balance of remuneration between guaranteed and both short- and long-term incentives.

Remuneration is monitored and reviewed on an ongoing basis by the Remco to ensure that the relative percentages of guaranteed and variable pay are market-related and aligned with the strategic objectives to create sustained value for all stakeholders.

Refer to **page 107** for the actual individual executive remuneration outcomes compared to below and on target earning potential.

## Total guaranteed package















The company conducts annual external benchmarking and participates in remuneration surveys to determine the market positioning at all levels in order to remain competitive. The TGP details are contained in the table on **page 102**.

The companies forming part of the total reward benchmarking comparator group were selected across all industries, based on sizing metrics, e.g. earnings before interest, taxation, depreciation and amortisation, profit, and market capitalisation (the comparator group is disclosed in part 3). The benchmarking comparator group for total reward and the variable pay comparator group (for testing of the achievement of performance conditions) are different, as the variable pay comparator group is a relative measure of the achievement of corporate performance measures against other companies in the REIT sector. The relevant comparator groups used are set out in part 3 on **page 101**.

The Remco’s position on managing the internal wage gap is set out in the fair and responsible remuneration section of this report.

## Variable pay

In line with King IV, we have set out the positive outcomes we seek to achieve by the performance conditions for the STI and LTI across the six integrated reporting capitals that Redefine uses or affects.

	PERFORMANCE CONDITION		POSITIVE OUTCOMES
VARIABLE PAY SCHEME: STI	Total return based on NTAV	 	Financial and manufactured capital: This performance measure drives growth in NTAV and distributions per share
	Individual performance: quantitative KPIs	 	Financial and manufactured capital: The strategic metrics in the balanced scorecards of the members of executive management are meant to encourage them to manage the company’s liquidity profile to meet future cash requirements, as well as to maintain profit margins, manage assets held in Redefine’s property portfolio, and grow and diversify the local and international asset base
	Individual performance: qualitative KPIs	   	Human, intellectual, natural, and social and relationship capital: The behavioural competencies deepen staff engagement and strive to cultivate and harness the power of the executive’s passion and commitment. They also encourage members of executive management to ensure ongoing transformation and sustainable business practices
VARIABLE PAY SCHEME: LTI	Matching share scheme and restricted share scheme → Growth in recurring distribution per share in relation to peer companies → Achievement of approved budgeted distributions per share → Individual performance (based on the STI score)	     	Drives the investment of capital received from Redefine’s equity and debt funders responsibly in order to return financial capital to them in the form of sustainable distributions and interest payments at responsible levels of risk and to balance the trade-offs between all the capitals we use in a sustainable way

## Short-term incentives

The STI scheme is established at all levels of the organisation. It is linked to performance at both a company and individual level and is measured against a set of predetermined KPIs.

STIs are not guaranteed, and are awarded by the Remco, based on the principles outlined in this report. The affordability of incentives and the company’s financial constraints are taken into account when determining STI payments.

THE STI SCORE IS CALCULATED AS FOLLOWS		
COMPANY FINANCIAL PERFORMANCE		WEIGHTING
KPIs	Measurement scale	
→ Total return based on NTAV is based on the following formula: ^ <div><div>Year-on-year change in RDF NTAV per share + distribution for the year per share</div><div>RDF opening NTAV</div></div> X100 <b>= Total return %</b>	If total return %	Score %
	Less than 9.9	0
	Between 10.0 – 10.9	30
	Between 11.0 – 11.9	34
	Between 12.0 – 12.9	38
	Between 13.0 – 13.9	42
	Between 14.0 – 14.9	46
	More than 15.0	50
		50%
INDIVIDUAL PERFORMANCE		
Quantative and qualitative KPIs	Measurement scale	
→ Based on material matters and priorities which have a direct influence on Redefine’s cash flow and profitability → Behavioural competencies (leadership, values and transformation) → Sustainability → The balanced scorecard is specific to each executive director Refer to <b>pages 103</b> for each executive’s individual KPIs.	→ Each director has specific KPIs aligned to material matters → Each of the KPIs holds a weighting relative to importance	
		50%
STI SCORE:		100%*
^ Total return based on NTAV as the company financial performance measure encourages long-term strategic thinking to sustain value creation, in line with the nature of the asset class. The achievement of total return based on NTAV is considered an appropriate and challenging performance measure for executives. * Should the overall STI score be less than 60%, no STI will be payable (Remco will not exercise its discretion to waive this rule in the event of underperformance).		

STIs FOR EXECUTIVES ARE CALCULATED BASED ON THE FOLLOWING FORMULA

TGP

 x 

200%

 x 

STI SCORE %

 = 

TOTAL STI

50%  
Current  
→ Paid in cash as bonus

50%  
Deferred#  
→ Paid in restricted shares  
→ Vesting in equal tranches over three years

Refer to **page 103** for the implementation of the STI, based on FY2018 performance.

# As performance is measured on award, the deferral is only subject to an employment condition during the vesting period. The deferral of STIs into shares increases the alignment between shareholders and management.

# Composition of executive director remuneration (continued)

The 200% component of the STI formula should be considered in conjunction with the introduction of a bonus deferral mechanism (for greater shareholder alignment) and MSRs, (in addition to the pre-existing deferral opportunity into the MSS). The MSR is explained in more detail on [page 98](#). The STI is fully linked to performance, and it lapses in its entirety if the overall STI score is less than 60%. Furthermore, the targets for the STI are stretching and relevant to Redefine’s short-term performance objectives.

The Remco may apply reasonable judgement to review the STI outcomes and to moderate any payments to avoid unexpected or unjustifiable outcomes.

## Bonus deferral

For executives, 50% of the STI bonus payment is deferred and converted into restricted shares, which vest over three years at the end of each year following the award. As performance is measured on the way in, the deferral is only subject to an employment condition during the vesting period. Note that, in exceptional circumstances and considering the need to create shareholder alignment, the Remco may (on an *ad hoc* basis) allow executives to convert a set percentage of their restricted shares into Matching Shares. Where this discretion has been exercised, it will be properly explained in the implementation report.

The high deferral percentage of STIs into shares increases the alignment between shareholders and management. It also introduces a longer vesting horizon, so 50% of each executive’s STI vests over a three-year period.

Refer to [page 104](#) for the implementation of the deferred STI, based on FY2018 performance.



## Long-term incentives

## Delivery of shares under LTI schemes

The Remco resolved to settle shares issued in terms of the LTI schemes by buying them on the market, thus avoiding dilution.

The aggregate number of shares at any one time that may be allocated under all the LTI plans may not exceed 200 000 000 shares (which represent approximately 7.5% of the number of issued shares as at the date of approval of the LTI plans by shareholders). This dilution limit is lower than the general dilution limit among most JSE-listed companies, which ranges from 5% to 10% of issued share capital. The limit excludes shares allocated by way of awards in terms of the LTI plans, which have been forfeited by participants. These limits will be adjusted proportionately in the event of a sub-division or consolidation of shares.

## Performance conditions and LTI allocation levels

Redefine’s awards policy is to make annual allocations at the same time each year, thus avoiding the volatility of large irregular once-off awards.

The Remco will not waive the achievement of performance conditions for normal LTI allocations. Furthermore, the company does not support the retesting of performance conditions for any of its LTI schemes. The performance criteria and vesting levels for the LTI schemes (specifically the RSS and MSS) are set out in the table on [page 105](#).

The participants, eligible members of executive management, are invited on an annual basis to participate in Redefine’s LTI plans, based on each employee’s role, as well as company and individual performance.

The table below contains a summary of the LTI plans:

	RESTRICTED SHARE SCHEME	MATCHING SHARE SCHEME	SHARE PURCHASE SCHEME*
Description	Participants will be awarded a right to delivery of Redefine shares at a future date (subject to conditions being met)  This award is received at no consideration	Participants will be invited to utilise a pre-determined percentage of their after-tax annual STI to acquire Redefine shares (Qualifying Shares)  Participants holding these shares for three years will receive matching Redefine shares (Matching Shares) at no consideration from the company, based on a multiple linked to company and individual performance	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
Rationale	Attraction, incentivisation and retention of executives and key employees	Incentivisation and retention of executives  Enhance employee and shareholder alignment through achieving and encouraging direct ownership by executives of Redefine shares	Enhance executive and shareholder alignment through achieving and encouraging direct ownership by executives of Redefine shares. This is essentially a ‘management buy-in’ plan and exposes participants to real financial 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)
Vesting conditions	25% 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. 75% of the award will vest subject to meeting pre-determined company financial and individual performance conditions (performance vesting)  Vesting period of three years	Remain in the employment of the company for the duration of the vesting period  Company and individual performance need to be met for vesting  Vesting period of three years	No vesting conditions, as it is essentially a ‘management buy-in’ plan and there is real risk to the participants
Participation	Executives and key employees	Executives	Executives
References	Refer to <a href="#">note 19</a> , Share-based payments, of the <a href="#">AFS</a>	Refer to <a href="#">note 19</a> , Share-based payments, of the <a href="#">AFS</a>	Refer to <a href="#">note 19</a> , Share-based payments, of the <a href="#">AFS</a>

\* No further awards (last award made in December 2015) will be made under the Share Purchase Scheme.

Composition of executive director remuneration (continued)

THE LTI SCORE IS CALCULATED AS FOLLOWS					
COMPANY FINANCIAL PERFORMANCE				WEIGHTING	
KPIs	Measurement scale			RSS	MSS
Growth in recurring distribution per share in relation to peer companies The variable pay comparator group for testing the meeting of the relative performance conditions comprises: → Growthpoint Properties → Vukile → SA Corporate → Emira → Investec Property Fund	Scale	RSS vesting	MSS vesting	30%	35%
	Target achieved				
	No – below peer distribution	0.0%	0.0%		
	Yes – equal to peer distribution growth	30.0%	35.0%		
	Available stretch				
	Between 0.10% – 0.49% better than peer distribution growth	33.0%	38.5%		
	Between 0.5% – 0.99% better	36.0%	42.0%		
Above 1.0% better than peer distribution growth	39.0%	45.5%			
COMPANY FINANCIAL PERFORMANCE				30%	35%
KPIs	Measurement scale				
The directors are measured against meeting the approved budgeted distribution per share	Scale	RSS vesting	MSS vesting		
	Target achieved				
	No – below budget	0.0%	0.0%		
	Yes – budget achieved	30.0%	35.0%		
	Available stretch				
	Between 0.10% – 0.49% better than budget	33.0%	38.5%		
	Between 0.5% – 0.99% better than budget	36.0%	42.0%		
Above 1.0% better than budget	39.0%	45.5%			
INDIVIDUAL PERFORMANCE				15%	30%
Description of KPIs					
The STI score is used to incorporate additional elements of company financial performance, as well as behavioural competencies and sustainability					
Calculations					
STI SCORE % (as calculated per page 94) x WEIGHTING = EFFECTIVE INDIVIDUAL PERFORMANCE SCORE					
RETENTION				25%	N/A
Description of KPIs					
Automatic vesting of 25% due to the executive still being in Redefine Properties Limited employ at vesting date					
LTI SCORE:				100%*	100%#
* The total LTI score is capped at 100%; # The cumulative score for three years is used.					

LTIs FOR EXECUTIVES ARE CALCULATED BASED ON THE FOLLOWING FORMULA			
NUMBER OF SHARES AWARDED	x	LTI SCORE %	= TOTAL SHARES VESTED

Refer to page 105 for the implementation of the RSS and MSS, based on the FY2018 performance.

MINIMUM SHAREHOLDING REQUIREMENTS

The MSR policy for executives is intended to encourage executives to build or to increase their shareholding in Redefine through the incentive plans and to become personally invested in the company. This increases executive ownership and 'skin in the game' and encourages alignment between management and shareholders. It also sends a very positive message to shareholders in the company.

The salient features are as follows:

- Executives are required to hold shares equal in value to at least 200% of their TGP, which must be accumulated over five years from the later of the introduction of the MSR policy or the appointment of the executive
- The executive must maintain the target shareholding throughout his/her tenure with the company
- Shares in Redefine must be held outright, and unvested awards will not count towards this requirement
- Executives may satisfy the MSR by purchasing shares in Redefine, using their after-tax bonuses or by retaining

shares that have already vested under the company's deferred STI scheme and the company's LTI incentive scheme

- Executives may elect to subject their unvested share awards to an additional holding period (after the performance and employment conditions have been met), during which they cannot trade with the shares. These shares will count towards meeting the MSR target
- Executives will not be entitled to a larger-than-normal (market benchmark) STI or LTI award in any year to assist them in meeting their MSR
- The company may require that MSR shares be held in a separate account, with an administrator appointed by the company

Refer to page 108 for the MSR test as at 31 August 2018.

MALUS AND CLAWBACK

MALUS

The Remco may, on or before the vesting date of an award, reduce the quantum of an award in whole or in part after an actual risk event (trigger event) occurs which, in the judgement of the Remco, had arisen during the relevant vesting or financial period.

In the event of termination of employment by the participant during the clawback period (irrespective of whether the participant is classified as a good or bad leaver), the clawback period for the restricted share award will be deemed to have come to an end on the date of termination of employment.

In the event of early termination of employment during the vesting period of an award, the Remco will consider whether a trigger event arose between the award date and the date of termination of employment.

CLAWBACK

The Remco may apply clawback and take steps to recover awards that have vested in a participant (on a pre-tax basis) as a consequence of a trigger event which, in the judgement of the Remco, arose during the clawback period. The clawback period will run for three years from the vesting date of the awards.

The summarised trigger events for malus and clawback include:

In the event of a breach of directors duties by a participant, Redefine reserves the right to pursue any remedies available to it in terms of the clawback policy, as well as common and statutory law.

- Employee misbehaviour, dishonesty, fraud or gross misconduct
- A material misstatement of the financial results for the performance or employment period of the award, resulting in an adjustment in the audited consolidated accounts of Redefine (or an employer company)
- The assessment of any performance metric or condition (where applicable) in respect of an award which was based on error, or inaccurate or misleading information
- Any information used to determine the quantum of a cash STI or long-term staff incentive scheme payment, or the number of shares subject to an LTI award was based on error, or inaccurate or misleading information, and/or
- Events or behaviour of the employee that had a significant detrimental impact on the reputation of Redefine

The clawback policy makes provision for the implementation of certain methods of recovery in the event that the participant disposes of the shares after the vesting date but before the clawback period ends, as well as in the event that the shares are retained throughout the clawback period.

Redefine's malus and clawback policy applies to any variable pay awards (excluding the Share Purchase Scheme (SPS)) made from 1 September 2017 onwards. Decisions made by the Remco regarding the application of malus and/or clawback are final and binding.



# Composition of executive director remuneration (continued)

## Executive director service contracts

Executive directors are on standard employment contracts, with three-month notice periods. They will also be subject to the company’s rotation policy for executive directors (expanded on in the corporate governance section of this report). While the normal retirement age is 65, the company’s retirement policy makes provision for extending the working relationship between the executive and the company 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 on early termination are at the Remco’s discretion. 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, LTIs will vest in accordance with the approved share plan rules.

## External appointments

Executive directors may not serve as non-executive directors in other companies without the express approval of the board.

## Sign-on awards

Redefine may make *ad hoc* sign-on awards to new executives and key employees. The awards will be made subject to a three-year vesting period. If the executive forfeited awards at a previous employer (with shorter vesting periods), the quantum of the sign-on award should be increased to reflect this. The award will also be subject to forfeiture should the employee leave the company during the vesting period. Redefine has also introduced clawback over the award (i.e. if the executive resigns before the end of the three-year period, he will be compelled to return any restricted shares which have vested in him to the company).

# Non-executive director fee policy

Non-executive director fees are reviewed annually, based on inflation, 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 the director throughout the year and not only during meetings. The fees comprise an annual fee as tabulated in part 3 of this report.

The fee proposals endorsed by the board are proposed at the AGM for shareholder approval, by special resolution, prior to payment for the following financial year. Proposed non-executive director fees are set out on **page 100**. Non-executive directors are paid in cash.

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 AGM of shareholders following their appointment, and thereafter at a minimum of three-year intervals.

## Non-executive directors’ proposed fees

In previous years, Redefine’s non-executive fee structure did not differentiate between fees earned by the chairperson and members of the remuneration and/or nomination committee, the social, ethics and transformation committee and the investment committee. Last year, given the benchmark information and prevailing market practice, the introduction of chairperson fees were proposed and approved at the February 2018 AGM.

In an attempt to illustrate the equal importance and value assigned to each committee, as well as their evenly balanced workloads, the board resolved to remunerate the chairperson and members of each committee equally.

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

Please note that all fees proposed for FY2019 are exclusive of value added tax (VAT), where applicable, to non-executive directors.

COMMITTEE AND ROLE			
R'000	Proposed 2019 fees	2018 Fees	Increase/(decrease) in proposed fees
Independent non-executive chairperson*	1 200 000	-	-
Lead independent director	596 000	561 800	6%
Non-executive director	430 000	402 800	7%
Audit committee chairperson #	200 000	240 000	(17%)
Audit committee member #	100 000	159 000	(37%)
Risk, compliance and technology committee chairperson*	200 000	-	-
Risk, compliance and technology committee member*	100 000	-	-
Remuneration and/or nomination committee chairperson	200 000	187 500	7%
Remuneration and/or nomination committee member	100 000	93 000	8%
Social, ethics and transformation committee chairperson	200 000	148 000	35%
Social, ethics and transformation committee member	100 000	87 000	15%
Investment committee chairperson	200 000	148 000	35%
Investment committee member	100 000	116 000	(14%)

\* New role.

# Previously audit and risk committee. 2019 fees proportioned between newly constituted audit and risk, compliance and technology committees.

The proposed 2019 non-executive directors’ fees will be tabled for approval by shareholders in accordance with the Companies Act and King IV at the group’s AGM to be held on 14 February 2019. Refer to shareholders’ special resolutions numbers 1.1-1.13 in the notice of **AGM**.

# Shareholder engagement and voting

In line with King IV, the company will table its remuneration policy and implementation report for two separate non-binding advisory votes by shareholders at the AGM. In the event that 25% or more of the shareholders vote against either resolution (or both), the Remco will engage with the dissenting shareholders to ascertain their concerns with the company’s remuneration framework.

The Remco may engage with shareholders, using one or more of the following methods:

- Emails, telephone calls, meetings and other methods of communication to the relevant contact persons at the shareholders, after the AGM concerned (and throughout the financial year), regarding the reasons for the dissenting votes, and
- Responses to shareholder queries explaining, in more detail, the elements of the remuneration policy that caused concern. Where appropriate, the board may resolve to amend certain elements of the remuneration policy to align the policy to market norms

The Remco may take steps to address the valid and reasonable concerns raised by dissenting shareholders and disclose the full shareholder engagement process, responses and resolutions in part 1 of the remuneration report for the following financial year.

*The remuneration policy contained in this section is subject to a non-binding advisory vote by shareholders at the AGM dated 14 February 2019.*


# PART 3: Implementation of the remuneration policy

## Executive directors' and prescribed officers' remuneration

### Adherence to the remuneration policy

The Remco has monitored the implementation of the remuneration policy in FY2018. In light of the fact that the executive directors did not earn an STI performance bonus in FY2017, and would therefore not have been able to acquire shares in the Matching Scheme in FY2018 using a percentage of their after-tax bonus, the Remco agreed that executive directors would be entitled to transfer up to a maximum of 60% of their after-tax deferred Restricted Shares into the Matching Scheme. The matching of shares under this Matching Scheme Award will be made subject to prospective performance conditions (which apply to all Matching Awards).

Apart from the once-off award explained above, the Remco is of the view that there were no deviations from the remuneration policy in FY2018.



Total guaranteed package

In determining the TGP increases for executive directors, the Remco referred to market conditions, as well as data drawn from the companies in the total remuneration comparator group for purposes of benchmarking. The basis of selection of the benchmarking comparator group is to consider JSE-listed companies of a similar size to Redefine. This differs from the variable pay comparator group (used to test the achievement of performance conditions) which was selected primarily based on industry.

BENCHMARK COMPARATOR GROUP FOR TOTAL REMUNERATION
Capitec Bank Holdings, Discovery, Growthpoint Properties, Liberty Holdings, Life Healthcare Group Holdings, MMI Holdings, Mr Price Group, Netcare, Tiger Brands, Woolworths Holdings

VARIABLE PAY COMPARATOR GROUP (for testing of the meeting of performance conditions)
Emira, Growthpoint Properties, Investec Property Fund, SA Corporate, Vukile

The Remco reviewed executive pay increase levels against comparative data and market benchmarks; however, it did not conduct a rebasing exercise for executive TGP levels in FY2018.

### Internal wage gap

Redefine is committed to addressing the internal wage gap. In this regard, when determining average executive remuneration increase levels, we have taken into account the average increase levels for middle management and general employees.

Overall, salaries increased by 6% on a like-for-like basis, compared to FY2017, 1% of which was allocated towards a mandatory increase in provident fund contributions. Redefine recognises that the employees at the lower levels in the organisation, in particular, have been affected by the current economic environment. As a responsible employer and in order to assist these employees, Redefine increased salaries, effective September 2017 (for FY2018), for junior staff by an average of 8.2% (FY2017: 9.0%), senior and mid-level staff on average by 7.3% (FY2017: 7.3%) and executives by 6.0% (FY2017: 6.0%), respectively. In addition to the salary increases, the long-term staff incentive scheme further assists in reducing the internal wage gap and gradually creates wealth for our more junior staff.

### Executive remuneration

The table below provides an analysis of remuneration received in FY2018 (compared to FY2017), presented as the total remuneration of executives.

#### EXECUTIVES

Figures in R'000	SHORT-TERM			LONG-TERM	POST-EMPLOYMENT	Total
	Salary and allowances	Bonuses and performance-related payments#	Other benefits and payments	Share schemes#	Retirement benefits	
FY2018						
AJ König	4 083	–	117	6 797	519	11 516
LC Kok	3 044	–	182	3 170	399	6 795
M Wainer	5 431	–	1 087^	8 721	–	15 239
DH Rice*	3 582	–	219	6 148	367	10 316
MJ Ruttell*	2 385	–	–	2 724	–	5 109
	18 525	–	1 605	27 560	1 285	48 975
FY2017						
AJ König	3 898	3 740	155	5 363	445	13 601
LC Kok	2 910	2 872	203	2 267	342	8 594
M Wainer	5 127	5 118	1 182^	7 251	–	18 678
DH Rice*	3 416	3 185	243	5 485	315	12 644
MJ Ruttell*	2 250	1 845	–	2 155	–	6 250
	17 601	16 760	1 783	22 521	1 102	59 767

^ Fees for executive directors sitting on company boards that are part of the group are earned by Redefine Properties Limited, except for a fee of R897 688 (2017: R997 000) paid to M Wainer in his capacity as non-executive director for the Cromwell Property Group. This has been included in the other benefits and payments column.

\* DH Rice and MJ Ruttell form part of the executive committee and meet the definition of a 'prescribed officer' in terms of the Companies Act.

# Long- and short-term incentive schemes paid in a financial year relate to the company and individual performance outcomes for the previous financial year.








Executive directors' and prescribed officers' remuneration (continued)

STI scheme score		
The tables below show the average STI outcomes against each element of the STI performance metrics.		
COMPANY FINANCIAL PERFORMANCE		
Performance measurement scale: Total return based on NTAV	Total return based on NTAV	Score
If total return:	0 – 9.9%	0%
$\left[ \frac{\text{Year-on-year change in RDF NTAV per share} + \text{distribution for the year per share}}{\text{RDF opening NTAV}} \right] \times 100$ <b>= Total return %</b> $\frac{64.24 + 97.10}{912.69} \times 100 = 17.7\%$	10.0 – 10.9%	30%
	11.0 – 11.9%	34%
	12.0 – 12.9%	38%
	13.0 – 13.9%	42%
	14.0 – 14.9%	46%
	15.0 % +	50%*
* As Redefine's total return based on NTAV was 17.7%, the score for company performance was 50%.		

INDIVIDUAL PERFORMANCE

Each executive has been rated on KPIs based on the five material matters specific to each of them. These individual KPIs have additional elements of company financial performance, which have a direct influence on Redefine's cash flow and profitability, as well as behavioural competencies such as leadership, values, transformation and sustainability.

	 Invest strategically	 Optimise capital efficiency	 Operate efficiently	 Grow reputation	 Engage talent	Individual performance
Andrew König	Allocation of capital	Optimising cost of capital	Recurring income growth	Integrated thinking and brand strength	Mentor and guide to promote an engaged workforce	34% out of 50%
Leon Kok	Balance sheet management	Optimising cost of debt	Maintain operating margin	Active risk and compliance management	Mentor and guide to ensure fair and consistent human resource practices	38% out of 50%
Marc Wainer	Offshore asset value growth	Deployment of capital offshore	NOI growth on active offshore portfolio	Business and industry mentorship	Promote a culture of leadership in Redefine	38% out of 50%
David Rice	Local property portfolio growth in value	Strategy for each property	NOI growth on active portfolio	Advance integrated engagement with tenants	Promote leadership behaviour to ensure a collaborative workforce	36% out of 50%
Mike Ruttell	Develop for capital uplift	Make the best use of scarce capital	Development on budget, to timeline and quality specifications	Compliance, sustainability and impact of projects	Promote leadership behaviour to ensure a collaborative workforce	35% out of 50%

Executive	Company performance (Total return based on NTAV)	Individual performance	FY2018 STI score	Adjusted FY2018 STI score
Total weighting	50%	50%	100%	100%
AJ König	50%	34%	84%	84%
LC Kok	50%	38%	88%	88%
M Wainer	50%	38%	88%	88%
DH Rice	50%	36%	86%	86%
MJ Ruttell	50%	35%	85%	85%

STI outcomes for FY2018				
Executive	Adjusted STI score	TGP R'000	Cash bonus* R'000	Deferred portion R'000
AJ König	84%	5 002	4 202	4 202
LC Kok	88%	3 841	3 380	3 380
M Wainer	88%	5 968	5 252	5 252
DH Rice	86%	4 419	3 809	3 809
MJ Ruttell	85%	2 528	2 144	2 144
* Cash bonus paid in FY2019				

LTI outcomes

The table below illustrates on an individual executive level the value of LTIs allocated, settled, forfeited and the current value of shares not yet settled.

Executive	Scheme	Financial year granted	NUMBER OF SHARES					VALUE	
			1 September 2017	Allocated in year	Forfeited	Vested	31 August 2018	Share close price 31 August 2018 R	Total estimated value R'000
AJ König	RSS	2016/17/18	890 000	446 530	(5 737)	(219 263)	1 111 530	10.35	11 504
	MSS	2016/17/18	1 129 023	436 803	(54 405)	(250 101)	1 261 320	10.35	13 055
	Deferred STI	2016/17	536 223	–	–	(207 658)	328 565	10.35	3 401
LC Kok	RSS	2016/17/18	638 000	306 780	(3 744)	(156 256)	784 780	10.35	8 122
	MSS	2016/17/18	551 772	316 896	–	–	868 668	10.35	8 991
	Deferred STI	2016/17	411 742	–	–	(159 451)	252 291	10.35	2 611
M Wainer	RSS	2016/17/18	1 175 000	547 450	(5 760)	(294 240)	1 422 450	10.35	14 722
	MSS	2016/17/18	1 347 039	574 347	(61 906)	(294 971)	1 564 509	10.35	16 193
	Deferred STI	2016/17	724 209	–	–	(279 373)	444 836	10.35	4 604
DH Rice	RSS	2016/17/18	767 000	332 156	(11 745)	(213 255)	874 156	10.35	9 048
	MSS	2016/17/18	1 004 283	379 893	(53 997)	(219 450)	1 110 729	10.35	11 496
	Deferred STI	2016/17	462 222	–	–	(179 617)	282 605	10.35	2 925
MJ Ruttell	RSS	2016/17/18	468 000	201 917	(5 310)	(144 690)	519 917	10.35	5 381
	MSS	2016/17/18	–	170 157	(5 303)	(23 167)	141 687	10.35	1 466
	Deferred STI	2016/17	266 529	–	–	(103 440)	163 089	10.35	1 688

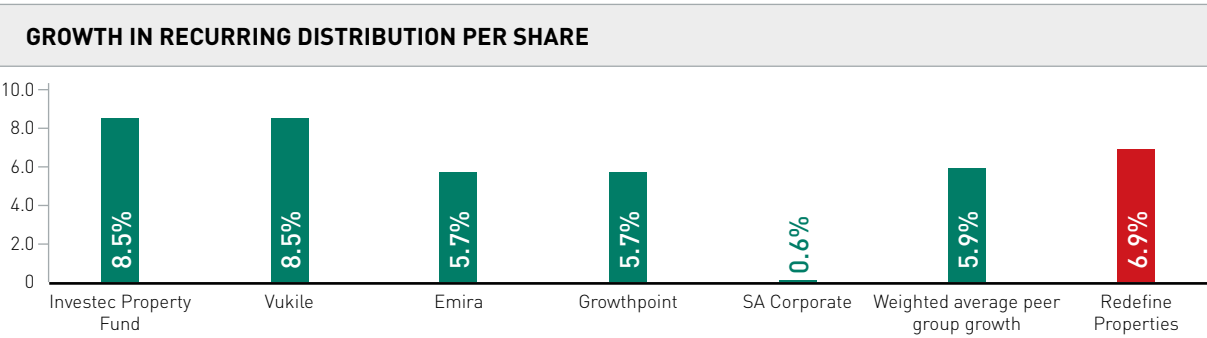


# Executive directors' and prescribed officers' remuneration (continued)

## LTI scheme score

Each executive is measured based on company financial performance (growth in distributions and achievement of budget) and individual performance (STI score).

The tables below show the LTI outcomes against each element of the LTI performance metrics.



### COMPANY FINANCIAL PERFORMANCE

GROWTH IN DISTRIBUTION		VESTING	
Scheme		RSS	MSS
Weighting		30.0%	35.0%
Target achieved:			
No – below peer distribution		0.0%	0.0%
Yes – equal to peer distribution growth		30.0%	35.0%
Available stretch:			
Between 0.10%-0.49% better than peer distribution growth		33.0%	38.5%
Between 0.5%-0.99% better than peer distribution growth		36.0%	42.0%
Above 1.0% better than peer distribution growth*		39.0%	45.5%

\* As Redefine's growth in recurring distribution was 1.0% better than the peer group's recurring distribution growth, the score for growth in recurring distribution was 39.0% (RSS) and 45.5% (MSS).

ACHIEVEMENT OF BUDGET		VESTING	
Scheme		RSS	MSS
Weighting		30.0%	35.0%
Target achieved:			
No – below budget		0.0%	0.0%
Yes – budget achieved		30.0%	35.0%
Available stretch:			
Between 0.10%-0.49% better*		33.0%	38.5%
Between 0.5%-0.99% better		36.0%	42.0%
1.0% better than budget		39.0%	45.5%

\* As Redefine performed better than budget by 0.10%, the score for achievement of budget was 33.0% (RSS) and 38.5% (MSS).

### INDIVIDUAL PERFORMANCE

		VESTING	
Scheme		RSS	MSS
Weighting		15.0%	30.0%
AJ König		12.6%	25.2%
LC Kok		13.2%	26.4%
M Wainer		13.2%	26.4%
DH Rice		12.9%	25.9%
MJ Ruttell		12.7%	25.4%
Automatic vesting			
Retention		25.0%	N/A

## TOTAL LTI SCHEME SCORE (COMPANY FINANCIAL PERFORMANCE + INDIVIDUAL PERFORMANCE)

TOTAL RSS SCHEME SCORE						
	Growth in distribution	Achievement of budget	Individual performance	Automatic vesting	2018 LTI score	Adjusted 2018 LTI score*
AJ König	39.0%	33.0%	12.6%	25.0%	109.6%	100.0%
LC Kok	39.0%	33.0%	13.2%	25.0%	110.2%	100.0%
M Wainer	39.0%	33.0%	13.2%	25.0%	110.2%	100.0%
DH Rice	39.0%	33.0%	12.9%	25.0%	109.9%	100.0%
MJ Ruttell	39.0%	33.0%	12.7%	25.0%	109.7%	100.0%
* Limited to 100%						

## TOTAL MSS SCHEME SCORE

	Growth in distribution	Achievement of budget	Individual performance	Automatic vesting	2018 LTI score	Adjusted 2018 LTI score*
AJ König	45.5%	38.5%	25.2%	N/A	109.2%	100.0%
LC Kok	45.5%	38.5%	26.4%	N/A	110.4%	100.0%
M Wainer	45.5%	38.5%	26.4%	N/A	110.4%	100.0%
DH Rice	45.5%	38.5%	25.9%	N/A	109.9%	100.0%
MJ Ruttell	45.5%	38.5%	25.4%	N/A	109.4%	100.0%
* Limited to 100%						

## Shares vested in terms of the

### RESTRICTED SHARE SCHEME

Executive	Adjusted 2018 LTI score	Award available for vesting	Shares vested November 2018
AJ König	100.0%	300 000	300 000
LC Kok	100.0%	230 000	230 000
M Wainer	100.0%	400 000	400 000
DH Rice	100.0%	275 000	275 000
MJ Ruttell	100.0%	155 000	155 000

### MATCHING SHARE SCHEME

Executive	2018 LTI score	Three-year cumulative LTI score	Award available for vesting	Shares vested November 2018
AJ König	100.0%	91.5%	334 719	306 156
LC Kok	100.0%	91.6%	220 452	201 948
M Wainer	100.0%	92.0%	426 678	392 486
DH Rice	100.0%	89.6%	296 944	266 026
MJ Ruttell	100.0%	90.7%	23 883	21 663

## Deferred – restricted share scheme

Executive	Automatic vesting 2015	Automatic vesting 2016	Automatic vesting 2017*	Shares vested November 2018
AJ König	86 749	120 908	–	207 657
LC Kok	66 611	92 840	–	159 451
M Wainer	113 910	165 463	–	279 373
DH Rice	76 628	102 188	–	179 616
MJ Ruttell	43 787	59 650	–	103 437

\* As the overall STI score was less than 60%, no STI bonus was paid.

# Executive directors' and prescribed officers' remuneration (continued)

## Share purchase scheme

In terms of the SPS, the executives were able to purchase Redefine shares by way of loan from the company. The loan bears an interest rate of JIBAR plus 2% and is secured by the shares purchased under this scheme. This is not considered remuneration, as the directors pay Redefine a market-related interest rate and bear real financial risk. No further awards will be made under the SPS and the last award was made in December 2015.

### NUMBER OF SHARES PURCHASED UNDER THE SHARE PURCHASE SCHEME

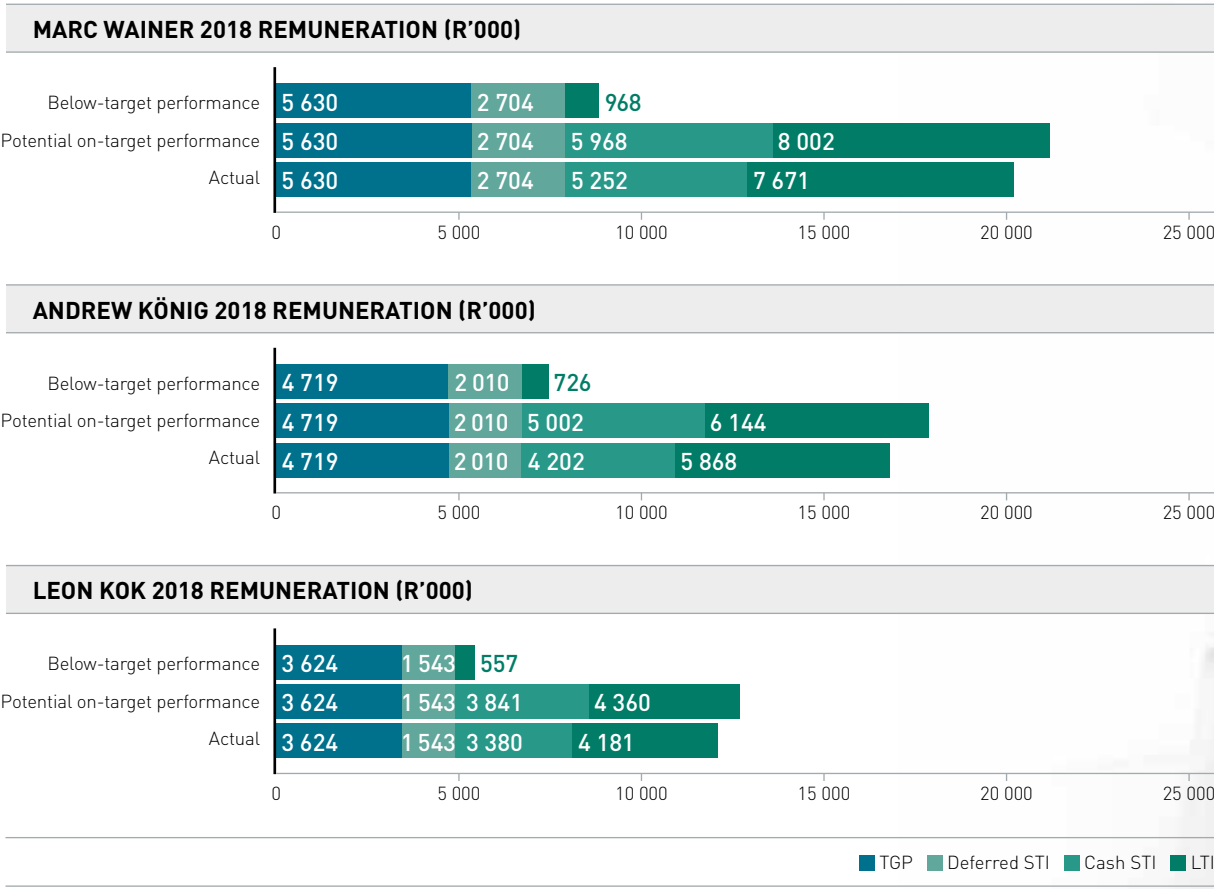
Executive	August 2017	Acquired	Disposed	August 2018
AJ König	3 339 143	-	-	3 339 143
LC Kok	1 200 000	-	-	1 200 000
M Wainer	3 632 751	-	-	3 632 751
DH Rice	2 400 000	-	(1 600 000)	800 000
MJ Ruttell	300 000	-	(300 000)	-

## Approved LTI dilution limits

The board has resolved that the company settles the LTI awards made in terms of the LTI scheme by buying shares in the market, thus no shares were issued to settle any LTI obligation.

### TOTAL REMUNERATION OUTCOMES

The graphs below reflect the earnings potential compared to the actual remuneration outcomes for the executive directors, relating to performance in FY2018.



## MINIMUM SHAREHOLDING REQUIREMENT

The following table sets out the extent to which the MSR requirements have been met as at 31 August 2018.

Executive	MSR target (% of TGP)	MSR actual (% of TGP)	Compliance
AJ König	200%	518%	Target achieved
LC Kok	200%	278%	Target achieved
M Wainer	200%	2 211%	Target achieved
DH Rice	200%	254%	Target achieved
MJ Ruttell	200%	155%	Target not achieved*

\*The executive has five years from the date of implementation, 1 September 2017, to attain/achieve the 200% target.

## Non-executive directors' fees

The table below shows the fees paid to non-executive directors in FY2018. Please note that these fees were deemed to be VAT exclusive.

Non-executive director	Fees paid in FY2018
B Mathews	749 300
B Nackan	897 300
D Nathan	648 800
H Mehta	495 800
M Barkhuysen	518 800
N Langa-Royds	550 800
P Langeni	642 800

The board is of the view that the current fee structure of an annual fee, rather than a retainer and meeting attendance fee, is more appropriate for the board and the committees in light of the workload and responsibilities of the members.

Non-executive directors' fees are paid biannually in arrears. The performance of directors is assessed by the chairperson of the Remco on an ongoing basis and by way of an annual board assessment.

## Approval

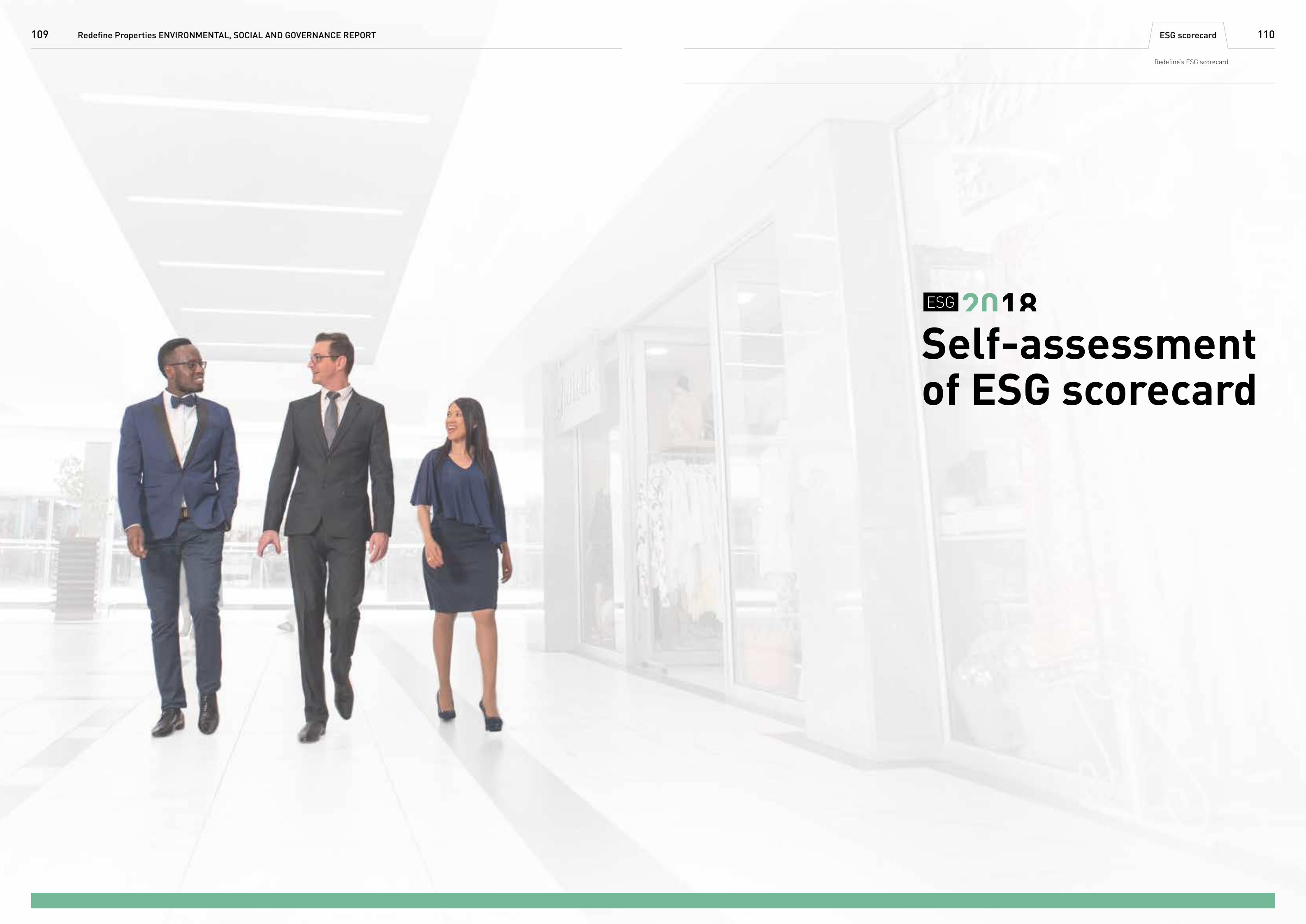
This remuneration report was approved by the remuneration committee of Redefine Properties Limited on 1 November 2018.

The implementation report in this section is subject to a non-binding advisory vote by shareholders at the AGM dated 14 February 2019.



ESG 2018

# Self-assessment of ESG scorecard





■
 Redefine's ESG scorecard

Self-assessment on environmental-related matters

ENVIRONMENTAL	COMMITMENT TO GOOD ENVIRONMENTAL PRACTICES	NOTES
COMPLIANCE WITH LOCAL ENVIRONMENTAL LAWS	→ Does the company comply with all relevant local environmental laws, standards and regulations?	Redefine complies with all relevant local environmental laws, standards and regulations.
RISK MANAGEMENT	→ Does the company assess the environmental risks arising from its operations? What processes are in place? → Please elaborate, e.g. a risk plan that identifies the risk and mitigates it.	Redefine assesses the environmental risks arising from its operations and risk management procedures. Environmental issues are integrated into a multi-disciplinary company-wide risk management process. An enterprise risk management framework is applied consistently across all business units and incorporates the identification and assessment of risks at both an asset and company level. A review of all risks identified, and possible new risks, is carried out annually, with quarterly updates. After risk identification, a rating table is developed which determines the risks' possible impacts and likelihood of occurrence. Mitigating factors are similarly identified in relation to identified risks. For more information, please refer to our <a href="#">ESG</a> report.
EMISSIONS	→ Does the company take action to reduce greenhouse gas emissions? If yes, how does the company offset carbon emissions?	<p>Redefine have a rolling year-on-year target to reduce Scope 1 and 2 emissions by 5%. Continuous property acquisition and disposals affects the absolute footprint of the company, therefore the intensity target of metric tonnes CO<sub>2</sub>e per square meter (GLA) is used as this can ensure the target can be better tracked year on year. Please note this does not include Scope 3 emissions and out of scope (non-Kyoto) emissions.</p> <p>Redefine have chosen to focus on reducing Scope 1 and 2 emissions as this is where the company has the most control. Redefine's Scope 2 emissions have decreased due the company's strategy to improve the efficiency of the portfolio, install renewable energy and recover more electricity from tenants. Our Scope 1 emissions increased by 23%, mainly as a result of increased diesel use for standby electricity generation due to increased supply interruptions and load shedding.</p> <p>Redefine are in the process of reviewing all sustainability targets, and aim to implement science-based targets. For more information, please refer to the environmental section in the <a href="#">ESG</a> report.</p>
EMISSIONS	→ Does the company disclose carbon emissions?	<p>Redefine discloses carbon emissions in, <i>inter alia</i>, its integrated report, sustainability report and various other benchmarking platforms – DJSI, GRESB, and the CDP.</p> <p>For more information, please refer to the natural capital section in our <a href="#">IR</a> and <a href="#">ESG</a>.</p>



ENERGY CONSUMPTION	→ Has the company planned or taken any measures to reduce or optimise its energy consumption? If yes, explain.	<p>Redefine is continually refining its energy strategy in line with best practice and business requirements. The cost and continuity of electricity supply are financial drivers promoting investment in energy-efficiency projects. The energy strategy has the initial aim of implementing alternative and/or renewable energy sources and reducing the consumption of several energy-intensive buildings. Lighting systems are being retrofitted with efficient lighting technology and solar PV plants are being installed to provide renewable energy.</p> <p>During 2018, we increased our renewable energy capacity with 188% from 7 807 kWp to 22 448 kWp. In 2018, we have achieved a combined energy reduction through efficiency and renewable projects of 27 061 040 kWh, up 170% from 2017. For more information, please refer to the natural capital section in our <a href="#">IR</a> and <a href="#">ESG</a>.</p>
WASTE MANAGEMENT AND RECYCLING	→ Has the company planned or taken any measures to reduce or optimise its waste consumption? If yes, explain.	Redefine conducted its second full waste footprint during 2018 for inclusion in its carbon footprint. The waste footprint provides a platform to track and inform waste-to-landfill reduction targets. Redefine strives to further reduce the impact that external environmental factors, such as waste proliferation, have on business operations. The company has consequently identified material issues that require continuous attention, and implemented 'adaptation' or 'mitigation' strategies to reduce the risk of these material environmental concerns. Our recycling efforts have not increased significantly from 2017 to 2018, thus not achieving the targets we set out to achieve in 2018.
WATER STEWARDSHIP	→ Has the company planned or taken any measures to reduce or optimise its water consumption? If yes, explain.	Redefine reports on water consumption as part of its annual carbon footprint assessment. Water consumption is tracked through the record of water meter readings or water consumption readings provided by municipalities. Using a like-for-like comparison on properties in the portfolio in 2017, our water footprint has reduced with 9.1%, achieving our 5% year-on-year target. Redefine will continue to install more water meters at its key and other water-intensive properties and continues to implement water-efficiency, recycling and security projects. We are considering different approaches to set water reduction targets.
GREEN BUILDING	→ Does the company measure the environmental performance of its individual properties?	We have developed an integrated approach to holistically evaluate and optimise the environmental performance of our properties. We continue to benchmark the performance of our properties and strive to increase the number of Green Star SA-rated buildings in our portfolio. 33% of our total office GLA is Green Star SA-certified.
GLOBAL COMPACT PRINCIPLE Principle 7: Businesses should support a precautionary approach to environmental challenges.  It is more cost-effective to take early action to ensure that irreversible environmental damage does not occur.  Companies should seek to promote environmental responsibility.	→ Does the company have a code of conduct or practice for its operations and products that confirms commitment to care for health and the environment?	<p>Redefine has developed an environmental policy to reflect our vision regarding future environmental performance and to demonstrate our commitment to meaningfully contributing to improving the environment. The policy encompasses all operations in Redefine's portfolio and includes the commitment to make resources available for the effective integration, management and implementation of the policy. The company similarly has various policies, including a code of conduct, in place, which demonstrates the company's commitment.</p> <p>Please refer to our website for additional information.</p>

■
 Redefine's ESG scorecard
 (continued)

ENVIRONMENTAL	COMMITMENT TO GOOD ENVIRONMENTAL PRACTICES	NOTES
	→ Does the company have a mechanism for two-way communication with stakeholders, in a proactive, early stage and transparent manner, to ensure effective communication of information about uncertainties and potential risks and to deal with related enquiries and complaints?	Stakeholder engagement and communication is proactively managed and driven through various channels and across platforms, targeting all of Redefine's key stakeholders. Community complaints are taken seriously and dealt with through a centralised call centre. These complaints are dealt with timeously and effectively through evolving business processes.  We publicly report on the processes and tools used to identify and prioritise critical environmental issues within the sustainability strategy, including a consideration of impact on the company's business performance.  For more information, please refer to our social and relationship capital sections in our <a href="#">IR</a> and <a href="#">ESG</a> .
	→ Does the company measure, track and communicate progress in incorporating sustainability principles into business practices, including reporting against global operating standards?	Redefine measures, tracks and communicates progress in incorporating sustainability principles into business practices and reports against global operating standards, including the Carbon Disclosure Project (climate change and water), GRESB and DJSI. The company is on the sustainability committee of the South African Property Owners Association and we are members of the Green Building Council of South Africa. Ilse Swanepoel (head of utilities) is a non-executive director of GBCSA.
	→ Do the company's vision, policies and strategies include the 'triple bottom line' of sustainable development – economic prosperity, environmental quality and social equity?	Redefine integrates the principles of the triple bottom line and good governance into its business activities, vision, policies and strategies.  For more information, please refer to our <a href="#">IR</a> and <a href="#">ESG</a> .
	→ Do the company's vision, policies and strategies include sustainability targets and indicators (economic, environmental and social)?	Redefine's vision, policies and strategies include sustainability targets and indicators.  Please see our <a href="#">ESG</a> .
	→ Does the company work with suppliers to improve environmental performance, extending responsibility up the product chain and down the supply chain?	We acknowledge our responsibility not just to manage and minimise our day-to-day environmental impacts, but also to share good practices and influence our partners. We undertake to familiarise ourselves with the environmental practices of our supply chain and/or other companies from which we source significant inputs and continuously monitor compliance with these practices. We continue to engage with suppliers, which will encourage replication of the company's sustainability practices.
SOCIAL	LABOUR AND WORKING CONDITIONS	NOTES
COMPLIANCE WITH LOCAL LAWS	→ Does the company comply with all relevant local labour laws, standards and regulations? If not, then state in which ones it is non-compliant and the reason/s?	Redefine does comply with all relevant local labour laws, standards and regulations.

MINIMUM WAGE	→ Does the company adhere to local and/or industry minimum wage standards? If not, then state why?	We comply and adhere to minimum wage determinations.
DISCRIMINATION	→ Does the company have a non-discriminatory policy with respect to gender, race, colour, disability, political opinion, sexual orientation, age, religion, social or ethnic origin, or HIV status? If yes, then please provide a copy.	We have a non-discriminatory policy in place. For additional information, please refer to the human capital section in our <a href="#">IR</a> and <a href="#">ESG</a> .
	→ Does the workforce appear to be representative of the local population with respect to gender, race, etc.?	Redefine is representative of the local population at entry, junior and mid-management levels.  For a detailed breakdown of employment equity statistics, refer to the employee section in our <a href="#">ESG</a> .
HUMAN RESOURCES	→ Does the company have a human resource policy which informs workers of their rights and conditions of employment?	Redefine has numerous human resources policies which inform workers of their rights and conditions of employment. This information is contained in our internal human resources policy and procedure document and is available to employees on our intranet.
	→ Are proper contracts in place for all staff, including temporary and seasonal workers?	All our employees, including temporary and contract workers, have employment contracts in place.
SUPPLY CHAIN	→ Is the company aware of the labour practices of its sub-contractors and/or other companies from which it sources significant inputs?	We undertake to familiarise ourselves with the labour practices of our sub-contractors and/or other companies from which we source significant inputs, and continuously monitor compliance with these practices. We have a policy and code of conduct for our sub-contractors which cover issues, including, <i>inter alia</i> , ILO conventions and working conditions, and we encourage replication of our labour practices down the supply chain.
COMPLIANCE WITH LOCAL LAWS	→ Does the company comply with all relevant local health and safety laws, standards and regulations? If not, then state why.	We comply with all relevant local health and safety laws, standards and regulations and have accordingly appointed health and safety service providers to assist with and monitor compliance in terms of the Occupational Health and Safety Act. Compliance assessments are conducted on a quarterly basis.
COMMUNITY HEALTH AND SAFETY	→ Are there any health and safety risks for local communities or consumers associated with the company's operations or products?	The nature of the majority of Redefine's operations is such that no material health and safety risks arise for local communities and/or consumers. However, when undertaking a new or redevelopment, and/or where significant construction is taking place, appropriate precautions are taken to ensure that any potential health and safety risks that might arise are limited to the extent possible.

■ **Redefine's ESG scorecard** (continued)

 SOCIAL	LABOUR AND WORKING CONDITIONS	NOTES
SUPPLY CHAIN	→ Is the company aware of the health and safety practices of its sub-contractors and/or other companies from which it sources significant inputs?	We are aware, as far as possible, of the health and safety practices of our sub-contractors and/or other companies from which we source significant inputs. As part of the general health and safety processes within the company, all service providers are required to sign an Occupational Health and Safety Act Section 37(2) Agreement, wherein they agree to adhere to our health and safety regulations and perform all work and use all machinery and plant in accordance with the provisions of the said Act. Service providers are also required to keep a health and safety file that must be immediately available for inspection upon request by Redefine.
LOCAL COMMUNITIES	→ What risks have been identified as a result of the company's activities for local communities and other stakeholders? Please elaborate if there are any.	No risks have been identified as a result of our activities for local communities and other stakeholders.
	→ If there is any significant impact, has the company conducted a social impact assessment and followed up on its findings and recommendations with mitigating measures?	Not applicable.
	→ Is there a procedure for managing community complaints?	Stakeholder engagement and communication is proactively managed and driven through various channels and across platforms, targeting all of the company's key stakeholders. Community complaints are taken seriously and dealt with through a centralised call centre. These complaints are dealt with timeously and effectively through evolving business processes.  For more information, please refer to our <b>IR</b> and <b>ESG</b> .
RELOCATION	→ Are people being moved as a result of the company's new or expanded operations?	No people have been relocated as a result of Redefine's new or expanded operations.
 GOVERNANCE	AUDIT COMMITTEES AND INTERNAL AUDIT	NOTES
COMMITMENT TO GOOD CORPORATE GOVERNANCE	→ Does the company have a corporate governance code and/or policies?	Redefine has a formal code of business conduct among other governance-related policies. The policies are central to the growth and sustainability of the company and are designed to entrench a culture of intolerance towards unethical conduct, fraud and corruption.  The code includes a whistle-blowing policy that offers several anonymous avenues for reporting unethical conduct.
	→ Does the company have a designated officer responsible for ensuring compliance with the company's corporate governance policies?	The financial director, head of risk and compliance and company secretary are responsible for ensuring compliance with the company's corporate governance policies.

ROLES AND FUNCTIONS OF THE BOARD	<div>→ Does the company have a charter or articles of incorporation according to local legislation, with provisions on:</div> <div>→ (i) Protection of shareholder rights and the equitable treatment of shareholders?</div> <div>→ (ii) Distribution of authority between the annual general meeting of shareholders, the board of directors and executive bodies?</div> <div>→ (iii) Information disclosure and transparency of the company's activities?</div> <div>→ (iv) Shareholder agreements, provisions of the company's charter, or informal understandings that specify which shareholders appoint directors?</div>	<p>Redefine's MOI includes provisions on protection of shareholder rights and the equitable treatment of shareholders.</p> <p>The MOI details the distribution of authority between shareholders, directors and executive bodies and prescribes the manner in which directors are appointed by shareholders.</p> <p>Details regarding the company's activities are transparently disclosed in the <b>IR</b> and other external reports, ensuring that stakeholders are able to make informed assessments of the company's performance.</p>
	→ Does the company have board sub-committees with independent non-executive members?	<p>The company has the following board sub-committees, all of which are chaired by independent non-executive directors:</p> <div>→ Audit committee</div> <div>→ Risk, compliance and technology committee</div> <div>→ Remuneration committee</div> <div>→ Nomination and governance committee</div> <div>→ Social, ethics and transformation committee</div> <div>→ Investment committee</div>
	<div>→ Is the role of the board of directors in relation to management, particularly with respect to the following, defined?</div> <div>– Setting strategy and vision of the company</div> <div>– Selection of the CEO and senior management</div> <div>– Risk management, oversight of internal controls, external audit and preparation of financial statements</div> <div>– Major capital expenditures and large-value transactions</div>	<p>The roles of the board of directors and of executive management are defined in the board charter.</p> <p>The board's primary governance role and responsibilities include:</p> <div>→ Steering and setting strategic direction (including in relation to risk governance)</div> <div>→ Approving policy and planning</div> <div>→ Oversight and monitoring</div> <div>→ Ensuring accountability</div> <p>The board appoints the CEO and other members of the company's executive committee and is responsible for ensuring role clarity and the effective exercise of authority and responsibilities.</p> <p>During 2018, the board's role in relation to risk management, oversight of internal controls, external audit and the preparation of financial statements was delegated to the audit and risk committee in terms of a detailed mandate. In 2019, certain of these responsibilities will be overseen by the audit committee and others by the risk, compliance and technology committee.</p> <p>Major capital expenditures and large-value transactions are dealt with and monitored in accordance with the company's delegation of authority framework.</p>



█ **Redefine's ESG scorecard** (continued)

	GOVERNANCE	AUDIT COMMITTEES AND INTERNAL AUDIT	NOTES		
		→ Does the board have an independent non-executive director as chairperson?	<p>The board is currently led by an executive chair and therefore, in compliance with regulation 3.84(c) of the JSE Listings Requirements and as recommended by the King IV, a lead independent director (LID) has been appointed.</p> <p>The board recognises that the function of the LID is to maintain the effectiveness of the board by providing leadership and advice when the chairperson has a conflict of interest, without detracting from or undermining his authority. The LID similarly provides support to the executive chairperson, is available as a trusted intermediary for the other directors, as necessary, and chairs a meeting of the non-executive directors at which the performance of the executive chairperson is considered.</p> <p>It is intended that the executive chair will step down from this role upon the appointment by the board of an independent non-executive chairperson. Such appointment will not effect the role and function of the lead independent director.</p>		
		→ Is the chairperson of the board a majority shareholder?	<p>The chairperson of the board is not a majority shareholder, but does hold shares in the company in compliance with the company's minimum shareholding requirement. This ensures that executive directors are personally invested in the company, which encourages alignment between executive directors and stakeholder interests.</p> <p>The LID is not a shareholder of the company.</p>		
		→ Is the chief financial officer of the company a director, e.g. financial director?	<p>The chief financial officer of the company, Mr Leon Kok, is the financial director and is a member of the company's executive committee and the board.</p>		
		→ Have you had any material transactions that involved conflicts of interest with any directors in the past 24 months?	<p>A small related-party transaction, involving conflicts of interest with directors, was disclosed on stock exchange news service (SENS) during the 2017 financial year. The conflicts referred to related to the sale by Redefine of certain of its shares in EPP N.V. to various executive directors.</p> <p>In terms of company policy, directors are required to timeously inform the board of conflicts, or potential conflicts, of interest that they may have in relation to particular items of business or other directorships. Comprehensive registers are maintained of individual directors' interests in and outside the company and these are updated annually and noted by the board at each board meeting. Where there are conflicts of interest or potential conflicts, these are minuted and the affected director/s recused from the relevant debate and/or resolution.</p>		
	COMPOSITION OF THE BOARD	→ (i) What is the split of board members who are non-executive directors (NED) versus executive directors (ED)?  → (ii) Number of non-executive directors who are independent?	<b>RATIOS</b> ED:NED Independent NED:Non-independent NED Female:Male BBBEE:Non-BBBEE	<b>FY2018</b> 3:7 6:1 3:7 4:6	<b>FY2019</b> 3:7 6:1 5:5 6:4

BOARD APPOINTMENT PROCESS	→ Describe the process to appoint directors. Are all the appointments done through a formal process?	<p>In terms of Redefine's MOI, the board must comprise at least four directors, to be elected by the shareholders as contemplated in Section 68 of the Companies Act. All directors are elected by an ordinary resolution of the shareholders at a general or annual general meeting (AGM) of the company.</p> <p>The board, similarly, has authority to appoint any person as a director, either to fill a casual vacancy or as an addition to the board, provided that such directors are elected by shareholders at the next AGM of the company.</p> <p>Directors are appointed in line with the company's formal and transparent appointment of directors policy, and are proposed to the board by the nomination committee on the basis of their skills, knowledge and experience and taking into account the company's strategy and future needs.</p> <p>Director appointments promote the achievement of the board's desired diversity and governance outcomes over time.</p>
	→ Is there a re-election process for directors?	<p>Any newly appointed director who has been appointed by the board during the year is required to retire at the next AGM and may be re-elected by shareholders.</p> <p>One-third of all non-executive directors and one-third of all executive directors retire on a rotational basis and make themselves available for re-election at the AGM.</p> <p>The board, through its nomination committee, provides shareholders with a recommendation in the notice of the meeting at which the re-election of a retiring director is proposed, as to which directors are eligible for re-election, taking into account that director's past performance and contribution.</p> <p>Any shareholder has the right to nominate directors.</p>
PERFORMANCE ASSESSMENT	→ Is the evaluation of the board, its committees and the individual directors and chairperson performed every year?	<p>The nomination committee is responsible for the annual assessment of the board's performance and the appropriateness and effectiveness of the board, its committees, individual directors and governance procedures. The assessment process includes an appraisal of the chairperson of the board, committee chairmen, CEO and financial director.</p> <p>During 2017, a comprehensive independent evaluation of the board was undertaken by an external service provider in line with best practice, to ensure that the board is in a position to add value to the company through the alignment of composition and skills to strategy.</p> <p>As recommended in King IV and in 2018, the nomination committee set aside time in November to consider, reflect on and discuss the performance of the board and that of its committees, chairperson and members as a whole.</p>
	→ Do the shareholders approve the company's remuneration policy or is it an independent remuneration committee?	<p>The company's remuneration policy and the implementation report are approved by the company's independent remuneration committee and then put to shareholders to pass non-binding advisory votes thereon at the AGM.</p>

█ **Redefine's ESG scorecard** (continued)

	GOVERNANCE	AUDIT COMMITTEES AND INTERNAL AUDIT	NOTES
		<p>→ Is the audit committee chaired by an independent non-executive director?</p> <p>→ What is the composition of the audit committee?</p>	<p>During 2018, the audit and risk committee was chaired by an independent non-executive director, Ms Phumzile Langeni. Post Ms Langeni's resignation with effect from 2 November 2018, Ms Bridgitte Matthews, the lead independent director, assumed the role of committee chair.</p> <p>The committee is made up of three members, all of whom are independent non-executive directors.</p> <p>Executive directors, group financial management, internal and external audit and the head of risk and compliance attend the meetings as invitees. With effect from 2019, the audit and risk committee will be split into two separate committees, viz. the audit committee and the risk, compliance and technology committee.</p>
		<p>→ Does the board of directors/ audit committee review key elements of the company's financial statements?</p>	<p>The audit committee and the board review key elements of the company's financial statements.</p> <p>During the course of these reviews, the committee and the board:</p> <p>→ Ensure that the financial statements are prepared in accordance with IFRS and in compliance with the provisions of the Companies Act and the JSE Listings Requirements</p> <p>→ Consider the appropriateness of the accounting policies and the disclosures made therein</p> <p>→ Complete a detailed review of the going concern assumption, confirming that it is appropriate in the preparation of the financial statements</p>
		<p>→ Does the company have an internal audit (IA) function?</p> <p>→ Is the company subject to an annual external audit?</p> <p>→ How long have the existing auditors been in engagement?</p>	<p>The company has an internal audit function and is subject to an annual external audit.</p> <p>KPMG was appointed in 2016. During 2018 and as a result of concerns over good governance and ethical compliance, the board resolved that it was no longer able to support the company's long-term association with KPMG and, following a formal tender process, resolved to appoint PricewaterhouseCoopers (PwC) to replace KPMG as the company's external auditors, with effect from the conclusion of the 2018 year-end audit.</p>
		<p>→ Is there a rotation in partners? If yes, please stipulate previous partners and when the new one came into effect.</p>	<p>Audit partners rotate every five years. Mr Gawie Kolbe was appointed as the company's external audit partner in 2016 and has since carried out the FY2016, FY2017 and FY2018 audits. Mr John Bennett of PwC will lead the FY2019 audit.</p>
		<p>→ Does the company have a written information disclosure policy that seeks to make all material information (financial and non-financial) fully, timeously and equally available to all stakeholders?</p>	<p>All material information, financial and non-financial, is made available to all stakeholders on an annual basis in the form of the company's <b>IR</b>.</p>

	<p>→ Does the board of directors set the company's risk profile and periodically review the company's risk management system and process?</p>	<p>The board and the audit and or risk committees set the company's risk profile and periodically review the company's risk management system and process.</p> <p>During the course of these reviews, the audit and or risk committees:</p> <p>→ Review and approve the enterprise risk management policy and framework and the annual risk management plan and monitor compliance therewith</p> <p>→ Review the risk appetite framework, setting out the company's propensity to take appropriate levels of risk</p> <p>→ Conduct assessments of the strategic risks and opportunities emanating from the triple context in which the company operates and monitor management's consideration and implementation of appropriate risk responses</p> <p>→ Monitor fraud risk management, including the whistle-blower facility</p> <p>→ Review the risk disclosures, including key sustainability risks, to be included in the <b>IR</b>.</p> <p>The board is reasonably satisfied that adequate controls are in place in order to mitigate identified significant risks in 2018.</p>
	<p>→ Does the board ensure that the company complies with applicable laws and considers adherence to non-binding rules, i.e. Companies Act, regulator, CRISA codes?</p>	<p>The board subscribes to full compliance with applicable laws and regulations in the jurisdictions within which it operates. Oversight of compliance risk management is delegated to the audit and risk committee, who receive quarterly reports on the status of compliance within the company, significant areas of non-compliance, as well as feedback on interaction with regulators.</p> <p>During 2017, the company was fully compliant with the requirements of the Companies Act, the Companies Act regulations and the JSE Listings Requirements.</p>
	<p>→ During the last 24 months, has the company had to report to the regulator, exchange or SARS on any material matters?</p>	<p>The company has not had to report to the regulator, exchange or South African Revenue Service (SARS) on any material matters in the last 24 months.</p>
	<p>→ Has there been negative media coverage about the company or its staff/ management/ board of directors in the last 24 months?</p>	<p>No, there has not been negative media coverage about the company or its staff/management/ board of directors in the last 24 months.</p>
	<p>→ Is ultimate beneficial ownership of shares disclosed by controlling shareholders and management?</p>	<p>Ultimate beneficial ownership of shares by controlling shareholders and executive management is disclosed in the company's annual financial statements.</p>
	<p>→ Describe the minority shareholders protection mechanisms in place.</p>	<p>Minority shareholder protection mechanisms are provided for in sections 61, 115, 156, 159, 162, 164 and 252 of the Companies Act. Similarly, the company's compliance with King IV ensures enhanced risk management processes and audit requirements, disclosure of directors' and senior executives' remuneration, ethical leadership and corporate citizenship and stakeholder engagement, which broadens the scope for consultation and constructive engagement with minority shareholders. Integrated reporting also drives transparency and accountability.</p>
	<p>→ Does the preparation and calling of annual and extraordinary shareholders meetings enable the participation of all shareholders (sufficient notice; agenda and supporting materials; proposing agenda items; participation personally or through proxy; the right to ask questions; dissemination of the results of the meetings)?</p>	<p>The preparation and calling of annual and extraordinary shareholders meetings enable the participation of all shareholders.</p>

Definitions

←IR→ framework	Integrated reporting framework	IR	Integrated report
AFS	Annual financial statements	IT	Information technology
AGM	Annual general meeting	JIBAR	Johannesburg interbank average rate
BEE	Broad-based black economic empowerment	JSE	JSE Limited
Buskaid	Buskaid Music Academy, a Redefine CSI initiative	King IV	King IV Report on Corporate Governance for South Africa 2016
Capex	Capital expenditure	KL	Kilolitre
CCM	Customer centricity measurement	KPA	Key performance area
CDP	Formerly called the Carbon Disclosure Project	KPI	Key performance indicator
CEO	Chief executive officer	kWh	Kilowatt hour
CINDI	Children in Distress Network	LED	Light-emitting diode
CO2e	Tonnes of carbon dioxide equivalent	LID	Lead independent director
Companies Act	Companies Act, No 71 of 2008 (as amended)	LTI	Long-term incentive scheme
CRM	Client relationship management	MOI	Memorandum of Incorporation
CSI	Corporate social investment	MSR	Minimum shareholding requirement
DJSI	Dow Jones Sustainability Index	MSS	Matching Share Scheme
DoE	Department of Energy	MWh	Megawatt hour
EAP	Employee assistance programme	MWp	Megawatt peak
EBP	Existing building performance	NQF	National Qualifications Framework
ED	Executive directors	NTAV	Net tangible asset value
ESG	Environmental, social and governance	OECD	Organisation for Economic Cooperation and Development
EVP	Employee value proposition	PV	Photovoltaic
FTSE	Financial Times Stock Exchange	REIT	Real Estate Investment Trust
FY2015	2015 financial year	Remco	Remuneration committee
FY2016	2016 financial year	RSS	Restricted Share Scheme
FY2017	2017 financial year	SA	South Africa
FY2018	2018 financial year	SACSC	South African Council of Shopping Centres
GBCSA	Green Building Council of South Africa	SAFMA	South African Facilities Management Association
GHG	Greenhouse gas	SARS	South African Revenue Services
GLA	Gross lettable area	SDGs	Sustainable Development Goals
GRESB	Global Real Estate Sustainability Benchmark	SENS	Stock Exchange News Service
HR	Human resources	SPS	Share purchase scheme
HVAC	Heating, ventilation and air-conditioning	STI	Short-term incentive scheme
IFRS	International Financial Reporting Standards	TGP	Total guaranteed package
ILO	International Labour Organisation	VAT	Value Added Tax
		ZAR	South African rand

Administration

**REDEFINE PROPERTIES LIMITED**  
Incorporated in the Republic of South Africa  
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JSE share code RDF ISIN: ZAE000190252  
Approved as a REIT by the JSE

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*\* Subject to shareholder approval*

**THANK YOU**

**Our employees are the heart – and the face – of Redefine.**

The images in our reporting suite are of our employees, taken in our buildings. We thank them for how they create sustained value for all our stakeholders, every day.

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We're not landlords. We're people.