



REDEFINE, Monday, 8 May 2023

ANDREW KÖNIG

Good afternoon, everybody. Welcome to Redefine group's interim results for the half year ended 28 February 2023. Before I start, I'd just like to pay tribute and acknowledge the significance of the loss of Thabo Ramushu, who, as you know, recently passed away. He was a dear friend of all of us, and I'm sure we all have many, many stories to share about the good times we enjoyed on property tours, on investor discussions, and the like. We will miss him, and we would like to express our condolences to his family, his colleagues, and all of those people whose lives he touched during his illustrious career within the real estate sector.

Moving on to our results, and the outcomes for the first half, I'll be talking about the strategic outcomes. I'll also talk about growing reputation. Leon will talk about investing strategically from a local perspective. I'll talk about investing strategically from a Polish perspective, and Ntobeko will then take over and talk about optimising capital, operating efficiently, as well as engaging talent across the board, and I'll wrap up at the end, just to give you a flavour of our conversation this afternoon.

In terms of growing reputation, we are very proud to be the first South African REIT to have achieved three buildings to be net zero carbon rated, and that is from the GBCSA, and following that, we've also received substantial recognition from a number of ESG ratings agencies. Specifically mentioned here Sustainalytics, where you will see that at this current reporting period, we were recognised as an ESG industry as well as an ESG region top rated company.

Unfortunately, it's not a headline per se, from a good news point of view, but something that we do need to note... and that is that our current pace of diesel consumption jeopardises our achievement of our greenhouse gases short-term reduction targets.

In terms of investing strategically, I'm very, very happy to share with you that we've finally restructured the ownership of our government-tenanted office portfolio. We will talk about it in due course. EPP has finally been restored to a cash generating investment proposition, and

we've also made further progress on establishing our presence in the Polish self-storage sector.

From an optimising capital point of view, our loan-to-value ratio has been maintained within our medium-term target range. This period we issued R3.2 billion use-of-proceeds green bonds, that speaks to our underlying ESG strength – that's enabled that. And we've been able to secure renewal of all our loans maturing in 2023, which is a significant milestone from a reduction of liquidity risk point of view.

In terms of operating efficiently, we are very pleased to report that our active SA net operating income margin has improved in this challenging environment by 1.1% to 82.4%. Our tenant retention ratio by GMR is a healthy 96.6%, that's well up from last year's 92.1%, and our expansion of solar PV continues – about 13MWp is in progress at this point in time.

In terms of engaging talent, 71.4% of our local staff were promoted from our African, Coloured and Indian component, and that speaks to our ongoing endeavours to create a diversified workforce. In terms of future-fit skills, our Exco and our Manco members are all underway in terms of being trained as to how to approach situations where there's ambiguity and paradox, which is much of the environment in which we find ourselves now, in which we operate. In terms of our Learnership Programme, it still continues to be rolled out; we've got 60 learners in the programme in this year, and that's our calendar year.

Just in terms of growing reputation, you'll see on the environmental front, I've already mentioned the diesel consumption challenge we've got, and, unfortunately, that is as a consequence of running extraordinary amounts of backup power generation during intensified loadshedding. Waste stream audits have been introduced to 78 properties in the South African portfolio, which will improve our waste management being diverted from landfill. Water saving initiatives continue to be rolled out, with our Propelair water-efficient toilet system across the South African portfolio. And you'll see that 29 Green Star certifications, including retail and industrial properties, is in progress as well as 26 recertifications.

From a social perspective, we have looked at our business continuity plan to make sure that it will respond adequately to extended periods of power outages. Our view is that a national grid collapse carries a low probability; however, it is possible. More likely, is extended periods of power outages, and that is what we've addressed through bolstering our business continuity plan.

In terms of supplier sustainability ESG self-assessments, that's underway. We've already got nine suppliers having done or completed the assessment. From a tenant awareness point of

view, we are now starting to extend our ESG awareness, and tenants occupying 280 000m² of GLA have already been formally engaged on our strategy.

In March, we launched Maponya Mall's Community Hub, there will be more on that shortly, so I won't talk about that outcome at this point in time.

In terms of governance, we've strengthened our compliance post grey listing, with the adoption of a standalone anti-money laundering policy. We're incorporating ESG in our due diligence processes, from an acquisitions and disposals point of view, through building score matrix. And we've improved our Sustainalytics management score, which lifted from 62.1 last year to 66.8 in this reporting period. And then, just lastly, from an EPP integration point of view, our climate risk framework is close to completion.

Just in terms of our purpose, our vision and mission, just to note that they've been refreshed in line with our moonshot, so that we have an integrated approach to everything we do, and everything fits together seamlessly. In terms of our pathways, similarly, we've refreshed them, we haven't changed them, we have just made them easier to understand, to explain, and also to adopt from an actions point of view, but very importantly, what we've done is we've attached outcomes to each one of these pathways, so that we can actually not only describe the pathway but also demonstrate through actions where we are in terms of outcomes going forward, as to whether we are actually arriving at that destination set out in our mission.

In terms of socioeconomic developments in action, you will see here that in South Africa, we have got a number of successes. Once again, there'll be an audio-visual, outlining (far better than I can) all of these points. And then in Poland, we continue to support the Ukrainian refugees there through a number of initiatives. From financial support through to helping children, providing collections of essentials, as well as training adults, so that they are able to sustain themselves going forward.

In terms of the second half outcomes, our focus is on reducing consumption from the grid, in terms of energy supply, through efficiency interventions, collaboration with key stakeholders, and solar expansion. We aim to create sustainable socioeconomic impacts through SME developments and also the restructure of the Redefine Empowerment Trust. And lastly, strengthen the oversight and reporting, including the levels of assurance applied to non-financial information. This is especially important when we are looking to reduce our carbon emissions, etc. – where we need to focus specifically on that non-financial information.

But what I wanted to also draw your attention to, before I hand over to Leon, is the graphic on the right-hand side. Throughout the presentation, there will be three of these: one for each of the sectors, this one being Kwena Square. These are live examples of best-in-class, ESG

design features – they're not just graphics. Please look at them, we'd love to talk to you more about them, with Anelisa when we do our ESG Road Show, which I think we're planning towards mid-year. With that, I'm going to hand over to Leon.

LEON KOK

Good afternoon, everyone. As far as the property asset platform is concerned, our property assets under management is now R94.1 billion. That's an increase from last year – the R88.9 to the R94 billion, principally on the back of a weaker Rand and the benefit of our geographic diversification coming through from the investment in Poland. You'll see it has been a relatively slow year compared to Redefine standards from a disposal point of view, during the last six months, we executed disposals of R1.4 billion. As you can see, these were the transactions that we highlighted to you at year end, where they were in progress at last year. Similarly, for the remainder of the year, there's about R200 million of asset disposals underway. And that's why we do make the point that we believe the asset platform is now largely repositioned, and we will focus on improving what we've got. So from a uses of capital point of view, and capital allocation point of view, the bulk of the capex locally has been spent on the three sectors (as you can see), and there was focus on expansion as well as improvement to make sure that the properties are well positioned for once that cycle turned.

Offshore, the focus of capital allocation has been on expanding and particularly within the industrial portfolio.

Locally, the asset value of R58.9 billion. As you can see, we continue to be retail biased – 41% of the portfolio is invested in retail, followed by office at 38%, and then, lastly, industrial with a small component of our specialised portfolio. That is just short of 4 million m² of space, so it is a very sizable portfolio. And as you can see, the trendline on the right there, the portfolio is starting to stabilise at an average value per property of R227 million.

In terms of all the other operating metrics, and as we touched on the sectors, you will see that, largely, we've had a very stable period, which is underpinned by very active property management as well as asset management. So that's why we do believe that we've, hopefully, reached the bottom of this trough, and once the cycle turns, we will hopefully benefit from that.

Similarly, if you look at their expiry profile on the right, not a very demanding unemployed, or expiry, profile as far as GMR is concerned, and we actively look to make sure that we don't have any undue peaks in that profile. Our unexpired lease term's at 3.6 years as well as the weighted average lease escalation is 6.4%. Now obviously, that's been a focus area for us, and particularly in an environment of high inflation, hopefully, will assist us to conclude escalations at a similar level.

In terms of our outcomes, the portfolio valuation is largely stable, and you can see that the movement (on the bottom right-hand side) is principally driven by the office side. The fundamentals in terms of exit CAP rates have largely stayed the same. Discount rates have slightly moved up on the back of high interest rate numbers. But the movement in valuation is largely driven by income assumptions, particularly forward-looking on the office front. The active vacancy's at 7.5%, a slight uptick from 6.7% at year end. And as we signalled at our pre-close, the reason for that was principally within the industrial portfolios – not necessarily an indication of underlying weakness, was more single... two single properties that have gone vacant. And we're quite comfortable that there is decent interest expressed in those, and we touched on that during our industrial slide.

The solar PV projects in progress: R142.5 million. That certainly is a continued focused area for us. However, once we are done with this pipeline, further massive expansion, that is limited. As you would know, in the office portfolio – where there is big demand for electricity – we don't necessarily have access to large roof space. For us, the next real opportunity, as far as solar PV is concerned, is once we've got a more user-friendly and commercially viable wheeling framework, which would allow us then to generate in, for instance, our industrial portfolio, and wheel that to high energy uses in our retail and office portfolio.

On a letting front, and we often show this number, and not necessarily to say anything else, but there is decent activity under foot. Yes, we can get caught up with a very negative news flow, and it is tough out there. However, activity is still very healthy and active for us. As you can see 450 000m² of letting, 160 000m² of that was new deals, and that's across all three sectors. The tenant retention, which is a key operating focus for us – and from a property management point of view, gives us an indication of tenants' satisfaction and our ability to form long-term partnerships, for us, is a key focus area. So we're very pleased with that 96% outcome. Renewal reversion's at -7.5% (certainly not where we want to see it still) and driven principally by the office portfolio, but we are seeing a decline in that. As you can see, at half year last year, we had -12%, and at full year for last year, was even higher in the double teens. So that's certainly, for us, is trending in the right direction and will be a continued focus for us.

On the retail front – a portfolio of R24 billion. As you can see, we've got a very nicely diversified portfolio split between regional and convenience centres, principally... only one super regional – in Centurion Mall – making up that 15%. And then again, the points on the lease expiry profile, the teams have already actively been working on. That 22%, that's coming up for renewal next year. In terms of operating metrics, we're very pleased with the underlying retail performance, our trading densities is up by 5%. Our active vacancy (similar to other levels)... you can see the analysis on the right-hand side of where that vacancy sits, so we're quite comfortable with that. In fact, we can look to reduce that, the other component is more of the office component within some of our retail nodes, which is driving that up. Then, retention

continues within the sector to 96%, and the renewal success rate at 75%, I think, is a very pleasing outcome, particularly if you take into consideration the renewal revisions, that's only a -3.7%. So that, for us, is a key focus. We've given you an indication there on the right-hand side of where the reversion sits. So you can see, not just one-way traffic, on the negative reversion front 26%... 28% of the deals by GLA reverted negatively, where the bulk of it was either flat or positive. And that's indicative of underlying footfall growth, turnover growth, supporting those lease negotiations. The weighted average lease escalation, we think is bottom at 6%, and we will continue to look to do deals at 6% to 6.5%.

Again, on the solar capacity front, our retail portfolio is the sector that lends itself best to it, in that it operates seven days a week, and it's got access to large roof space, and that's why the bulk of our investment in solar PV sits within the retail space.

On the office front, R22 billion portfolio, but the biggest point to note on this slide is that composition of the portfolio – where 86% of the portfolio sits in Premium and A Grade. And you'll certainly see, in the next slide, how that supports our letting efforts. As far as vacancy is concerned, a slight improvement from 14.4% to 14.3%, and again, if you look at the right-hand side, our Premium Grade office space, which I must remind you is 50% of the portfolio, is sitting at a 6.7% vacancy. So absolutely very attractive, and the key focus would be then on that Secondary and A Grade space to sort... let that. We continue to see very good demand in well-located office buildings, particularly in the Sandton node. Access to public transport and such like certainly does support the lettability of those buildings. In terms of our tender retention: a very healthy 97% and very good letting activity. Even though our renewal rate at 49% is not quite where we want it to be, I think – in the current environment where it is absolutely a tenants' market, where there's an abundance of space available – that is a very good outcome and particularly with renewable versions at a -12.4%. As we indicated before, we continue to foresee that rental levels will be depressed, and we don't see this revert to reducing substantially over the short to medium term. But at those levels, it certainly is trending in the right direction, and again; giving you an analysis of where it sits. So, I think the positive to take out of those positive and flatter reversions is that it's not just one-way traffic. 30% of our lease negotiations, we managed to either negotiate a flat renewal or slightly positive. But that is a key focus area, and that's potentially where we will see the most pressures on the rental front within the office space. Our lease escalation is at a 6.8%, again, given the heightened inflation environment, we would look to tweak that up slightly.

On the industrial portfolio, certainly a portfolio that's been proven to be very defensive for us, and the nice thing to note here, if you look at that analysis of the portfolio by type, is well diversified across the various aspects, so we don't have any undue concentration of any other type of assets. And again, a very nice long flat maturity profile on the lease expiry.

In terms of the outcomes on industrial, the activate vacancy, as I said, that was the slight tweak to buildings, in particular, was Winnipeg that has gone vacant. However, we're very confident that there's healthy interest in that building, and we would look to have it let by at least come August. In terms of leasing activity, also very good: 161 000m², 36% new deals. The most pleasing aspect, or the outcome for us, in the industrial front was on the renewal front, where we managed to increase the, sort of, positive reversion of 1.3%, which is indicative of good demand within that space – obviously limited supply. So, we're very hopeful that we can see a continued growth and market rentals that will support positive renewable reversions. And at least escalation, we managed to tweak that up to 6.5%, and solar PV certainly is also starting to look quite attractive within the industrial space. And again, our industrial portfolio will be the beneficiary if we can start, if we can solve the commercial arrangements around wheeling, because we obviously... we got access to large roof space, and we can look to wheel that, with, into our office sector.

And then lastly, just on our alternative income streams, I'm not going to go through the details. Suffice to say that this is not a massive revenue part of the business; however, it is an important part because it assists us to improve profitability at a building level, and it is capital light, and through very creative means that we can look to unlock further value at a building. Quite a nice cool feature is that right-hand picture there, which is our new 3D screens. A number of our screens are now digitally enabled in order to support 3D images, and it's actually very cool. That picture on the on the right-hand side, is in fact our LED screen here at Alice Lane. With that, I'm going to hand over to Andrew to talk you through the restructuring of the office – government tenant office portfolio.

ANDREW KÖNIG

Thanks, Leon. Okay, so as I said earlier on, this transaction has been taking forever, it's been through many, many iterations. As a consequence of that, although we initially had Competition Commission approval for the initial transaction, given all the machinations that happened subsequently, we now are back at the Competition Commission for approval once again. But just to go back, Redefine's 11 government-tenanted office buildings, are 92% occupied on a month-to-month basis. Yes, the market rentals are higher than what you would have on a long-term lease, but it's not sustainable, and we are very susceptible to tenant flight, so to secure long-term leases with government, which requires a 51% black ownership, and without financial institutions' support (who are reluctant to take on increased exposure to this asset class), we have concluded a deal with Talis Property Fund to preserve the value of these assets through a sale to a joint venture in which Redefine will own 49%. Talis will own 51% of the venture, and we will sell this to the portfolio – carrying value of R1.1 billion with cash funding for capital expenditure up to R175 million – to enable this portfolio to secure the long-term leases, which Talis has already procured, to now be effected upon. Talis will provide an asset management service for a fee of 1% of the gross asset value, which will include leasing,

managing the relationship with the tenants, etc. Redefine will provide the property management services on the usual commercial terms. As a consequence, Redefine's interest that it will earn on the loan will be effectively the net operating income, less the fees that will be paid. And as and when these properties are sold, Talis will benefit from any further capital upside.

Moving on to the international property portfolio, as you can see, our carrying value is R34.7 billion, that bump, from R30 billion last year to R34.7 billion, is mostly due to – and Ntobeko will elaborate thereon in his section – it's effectively as a consequence of Rand weakness against the Euro. Converting these assets into Rand, that, that causes that bump up by R4.7 billion. If we look at the asset base on a see-through basis, you'll note that 45% of our group assets sit now in Poland. In terms of EPP's property asset base, it's just under R29.5 billion. ELI is at R5.1 billion – showing good growth, mostly as a consequence of four developments that were completed during this reporting period. In terms of proportional share of JVs, we do set out there – the assets and the debt – for those of you who are interested in those numbers.

Just moving on to the Polish retail market. I'm happy to say that the market has absorbed several challenges. As we know, high inflation, rising energy prices, and the impact of the Ukrainian war weighed heavily on the retail sector. Those factors are mostly absorbed into the market, and you'll note from the next slide that EPP is actually responding favourably in that environment. Consumer preferences have shifted. You'll note that market share growth, particularly by the value retailers and food discount chains, is growing as a consequence of that consumer shift, and Poland's retail sales are expected to outperform the Eurozone over the next three or so years. Very important retail categories, such as fashion, are still holding up in this environment, which is good for us, and what is very pleasing is that online retailers are also now opening physical stores. So there is a very good synergy between brick-and-mortar and online shopping.

In terms of ESG, it is becoming increasingly important for retailers who are implementing recycling and renewable concepts to support eco-friendly initiatives. Just in terms of EPP's core portfolio, I just want to add, for the joint ventures, there's a lot more detail in the supplementary section of our presentation, which you're welcome to question us on, if you so wish to. But in terms of the core portfolio of EPP, you'll see it stands at R18.2 billion, I must note that there were two power parks last year in the core portfolio that have been subsequently sold to EPP's M1 JV, and that is going to mess around a bit (you'll see) with gross lettable area and the like. But putting that aside, you'll note that EPP's core portfolios vacancy is a very pleasing 2.9% – it has improved from last year's 3.5%. The carrying value of the investments in the JVs has grown to R10.1 billion for reasons I explained earlier. The average unexpired lease term by GLA is 5.5 years – it's very healthy. The renewal reversion's still negative at 6.7% – but stabilised. It's no longer going down more; it's actually starting to

stabilise at 6.7% versus 7% last year. I'm very happy to share with you that like-for-like footfall is similarly improving, currently at 18.3 million, versus 16.5 million. I must add here, though, that the masks were taken off in March last year in Poland, and that like-for-like footfall, I would suggest, is going to not be as pronounced from a growth point of view in the second half. In terms of in-use BREEAM ratings for EPP, you'll see a very pleasing improvement. 83.3% of the portfolio has now been rated, which speaks to ESG in Poland now becoming very much part of the way they do business there as well. In terms of indexation, you'll see it sits at 7%. The Eurozone inflation rate was about 2% more than that. This is as a consequence of some limitations on certain leases (where they couldn't apply the full inflation) as well as the different inflation rate used on certain of the other leases, causing that to be only 7% and not the full 9% (Eurozone inflation rate).

Okay, just in terms of the outcomes for the joint ventures. I'll summarise this to say that high leasing activity has been achieved across the board despite challenging market conditions, whether it's in the retail or in the office sectors. The M1 joint venture, you will see in anticipation of taking over from Metro... the leases – a lot of work has gone into renewal of existing leases. You'll see there, roundabout 75% of GLAs has already been addressed as part of that takeover programme. There's an operational programme also attached to that. The Metro claim is being rejected by EPP – not much has developed in the time that we last spoke about this, but we are still confident that this claim will not be successful. In terms of the EPP Community joint venture, you will see lots of leasing going on, the retail park in Zamość was successfully opened. And there has been good success on the office front at Park Rozwoju, Oxygen and Astra in Kielce – the latter two now 100% occupied. Galeria Młociny, an underperforming new development in northern Warsaw, is showing signs of establishing itself and stabilising, with footfall now significantly more than it was last year – as you can see 30% up in January and 22% in February. Vacancy's now 2.5%, much better than before, and a number of new brands are coming into the centre as well. The joint venture with Henderson, which is an office joint venture... you'll see good leasing activity as well as a strong focus on the environmental side coming through as well.

Just in terms of the logistics sector in Poland, you'll see here that indexation and higher construction costs are having a huge impact on market rentals, which are increasing roundabout 20 odd percent. You'll note that increased finance costs and pre-letting requirements by the bankers is now creating a slowdown in new and speculative developments. That's good news from narrowing the gap between the effective and headline rentals. We're seeing a huge reduction in tenant incentives – rent-free periods, for example, are reducing, which is great news for us, being developers in that market. BTS projects: there are still opportunities there to expand and grow, and infrastructure spend is continuing, which drives demand. In terms of valuations, they are stable. I will add, though, that the lower the

WAULT in this case, the more the premium is on the valuations, given that the softening yields are being offset by higher rentals.

In terms of geopolitical and economic instability, that has had an impact on portfolio transactions. But what we are seeing is a number of single asset sales going through, and if we are to sell assets in the sector, it will be not on a portfolio basis but probably one or two assets at a time.

In terms of ELI itself, you'll see good growth in terms of the carrying value. Yes, helped by the weaker Rand (from a Rand perspective), but there's been underlying Euro growth as a consequence of four developments that were completed during the period. The active vacancy at 5.9% is principally due to one of the four developments that was completed in Lublin, which is contributing to that vacancy. It's around 30% occupied at the moment, and we believe that will be filled in due course.

In terms of the active income-producing growth gross lettable area, it's just over 838 000m². The weighted average unexpired lease term is just under six years. And as you can see, a lot of activity in terms of active lease renewals, where we're getting good growth of 8.9% on expiring rentals. In terms of letting to new tenants, we're getting growth on expiring rentals of just under 10% – at 9.7%, which is very, very pleasing.

In terms of developments in progress, we've got four developments in progress of 153 935m², 81% pre-let, and we're very excited for those to come through in our numbers. BREEAM certifications are slightly up at 74%, and you'll see that about 114 000m² of GLA was added from developments that were completed during this period.

In terms of self-storage, we did speak about the acquisition of Stokado (which means, in Polish, *storage*) at the pre-close. I'm happy to announce that we have now concluded the transaction to acquire Stokado. It is still subject to some conditions' precedent, which we expect will be fulfilled at the end of May. But what is very exciting is that there are already four developments under consideration, three in Krakow, totalling 12 646m² net lettable area. And that will be a rough development cost of €21.9 million, yielding 14 odd percent. But the high-yielding facility in Warsaw, which you'll note is yielding 37.8%, is principally due to a lease arrangement where ELI will develop the structure and Stokado will do the fit-out effectively. That is what delivers that high yield and low capex requirements for the 4 500m² of net lettable area.

Okay, just in terms of capital allocation, as you can see, the bulk of our money is in the expansion quadrant to ensure high income growth as well as long-term value-creation potential, and so it should be.

Okay, just moving on then to the second-half focus areas. We will continue to preserve value through organic growth, and asset optimisation, reliance on municipal supplied utilities needs to be reduced, through innovative solutions and resource efficient green initiatives. And then very importantly, creating value through selective deployment of capital from recycled non-core assets, into growth sectors. The growth sectors being Polish logistics, self-storage in Poland, and select developments here in South Africa, that are tenant demand driven, principally around the industrial sector. Okay, I'm now handing over to Ntobeko to take you through the next three sections of the presentation.

NTOBEKO NYAWO

Thank you, Andrew. Good afternoon, everybody. Just one key outcome is in terms of the balance sheet and manage... and capital management. I think our medium-term LTV ratio that we put out is between 38% and 41%, so we're pleased that the outcome for the half year is sitting within that, to the higher end of that, at about 40.9%. And I think in these times, where the environment remains volatile, we're also very... quite happy with our interest coverage ratio headroom that is sitting at 2.5 times. That's supported with a very healthy liquidity in terms of R6 billion liquidity, which is made up of our committed, but undrawn, facilities as well as cash on hand. I think from a rising interest rates point of view, we've got a very steady, prudent policy that we stick to. And in that policy, we've maintained... just about 81.2% of our debt remain hedged, as overall. But I think the impact on the floating portion of our debt... that has an impact, and you will see it in the SA average cost of debt coming at 9.2%, compared to the 8.7% in the prior period. From a group overall point of view, that cost of debt coming at 6.5%, which is up from 6% in the prior period in the prior year. Now with that, but I think we're also still quite happy, that in terms of, if you look at our average term of debt, we're sitting at a healthy 3.6. I'll touch on that a little bit later on. And lastly, yeah, I think also just from an ability of our business, really some of the drivers that support our cash generation, we're quite pleased that we're collecting 99% of our gross billings in SA, which is a testament to the quality of tenants and quality of our properties.

If you look at the bridge that we normally provide, just on two key variables that drive this, it will be on the 1.4, which will be the operational cash flows that we've generated, which really is the point that I touched on in my previous, in the previous, slide. And then on the right-hand side of this is that we are proposing a pay-up distribution of 85%, which I will touch on as well. Then you will see that those are the main key drivers in the path to us achieving a 40.9% LTV ratio. But I think, what we do in the bottom left of the slide is also just to provide the sensitivities in terms of, I think, if you look at the property values, if they were to move by a percent, you will see that there will be a 30 basis point impact on the LTV. And that will also provide for Forex as well in terms of what that would look like. What we're pleased about is really, if you go back to FY20, is the progress that we've made on a see-through gearing in our group, which is not...

it is coming out at 47.4. And through the continued amortisation, we will continue to degear there, and we expect that to gradually – as we amortise that in Europe – to also support that path to improve.

In terms of our funding profile, I think we are quite pleased that all our FY23 and maturities have been secured, which recently were in Echo and Marcelin facilities of R3.2 billion facilities in EPP. Now in the market, what we see, I think it is very constructive and seeing appetite to refinance these facilities. I think... I'll bet, the fact that the cost of debt is on the uptick, as I've alluded to earlier. In SA, I think proactively now, we're starting to look into the FY24, which is really largely our bond programme of R3 billion. We will look into the DCM market because we've got a very strong, good presence there, and we think our debt will price a bit better in that space. From an ongoing, forward, point of view, I think in line with our strategy, we're really broadening our funding sources, but also, we are managed the tenuarey. So you can see that we've got a very smooth maturity profile, so that in any given year, we really don't face massive liquidity risk in the balance sheet. It's very topical in terms of where interest rates are sitting – whether we are near the peak or we are at the peak – it is with some further upside or downside risk, especially, I think, in the South African context, where we continue to see the weaker Rand being a very key consideration by the Reserve Bank in spite of its monetary response policy. But with that, we did continue in the period that... we are hedged for 1.7 years at 81.2%. I think, it's no doubt that the inflation, with rates, will impact our cost of funding, and I will touch on that (even in terms of the impacts in the FY23 results). I must say, the shorts are looking a little bit expensive, especially on the current risks, which is the weaker Rand that is... that's a consideration from an important inflation risk point of view. But gradually, as in line with our policy, we will continue to build a very stable maturity profile. So you will see that we did R1.4 billion of three swaps at 7.7% that we completed during this period.

If we move on – to just to show you a year-on-year movement in terms of how we repositioned our funding base – you can clearly see that concentration well managed, but also, I think for us, is introducing very different players. You will see, in the period, that there is the IOC, which wasn't there in the prior period. Those are relationships in terms of longer dated capital, which will help us to achieve much more matching of our funding in line with where we expect our assets to generate cash flow. We'll continue to expand on those. If we are (just to touch on the key focuses), I think, without a doubt, in this environment, managing maturities because that could create liquidity risk in the balance sheet. We are very focused on that, as well, I think the interest rate cycle is hedging where it is. But our interest hedging – we are quite confident that it will remain stable – we'll continue to build on it. And I think (from a funding and risk point of view), we'll also continue to manage the concentration risk by diversifying our funding sources.

If I move on to the outcomes, just in terms of the financials, I think our business is very decent and healthy from... healthy business if you look at our NOI, especially if you look at the SA

portfolio growing at 3%. And the testament to that is the operating margin, which came out at... of the active portfolio, coming out 82.4% – an improvement from... at 81.3%. In the prior, in EPP similarly as well, I think we are pleased with the operating margin coming in at 85.7%, which is an improvement from the 84.0% in FY22. Now, this gives you a sense that our business is operationally, you know, from an operational point, quite strong. Where we are impacted, it will be on the funding cost, which I'll touch on when I look at the headwinds and tailwinds in the income.

But from a collection... that I've touched on, you'll also see, in SA areas are improving, which is a reduction from 278 in the prior period to 263. So, we're quite happy with our cash collection. And also, I think, with a very focus... I mean, given the energy, I'll touch on this... our installed solar capacity at 31.9MWp in SA, and also the management on the demand side of energy in EPP yielding that 18.8% consumption reduction. One thing in this slide, that I'd also like to touch on, is really the sensitivity in terms of the distributable income on a cents per share basis. You can see that you can never really predict or project where the loadshedding and its intensity is going to go. But you... if it were to double in the second half, what you've had in the first half, you can see the impact that we provide there of 0.1. And then also... I think we also share with you, in terms of the impact that might come from the interest rate as well as the currency, which I'll touch on as well, which was... we spoke about earlier.

In terms of our headlines in the financials. I think the biggest thing for us, in this period to report on, is the restoration of EPP... has really helped us in improving the quality of our earnings. If you look at the distributable income per share of 23.9 cents that we produce in the period and also upon that then applying an 85% payout ratio to get to a 20.3 cents dividend per share, which is slightly... just lower than the 23.7 cents that we paid in FY22. The nominal Rand basis point of view: distributable income increased to R1.6 billion, but you're also quite pleased with our NAV improvement of almost 31 cents. That represents about a 4.3% improvement in our NAV – that went up to 750.76 cents. And I think, with those, you will actually continue to see that, if we just move forward in terms of the headwinds and tailwinds in our performance and dealing with the big contributors... I think, the first one is really the interest rate on the floating component of our debt. That is... what is a... pull a bit of a... at an impact of R148 million in the period that we're in, compared to if you look on the other side, on the tailwind side, quite pleasing a contribution of EPP – at R269 million that it's contributed this year.

I think, the point (Andrew touched on as well earlier) is that in the full year, in the second half, we expect that contribution to be improved by the underlying JVs' distribution that comes in the second half. So, we're still confident that overall in FY23, EPP will deliver the €37 million earning base that we had talked about previously. Then the other point here, in terms of the headwinds, that probably will also... I'll have, I'll touch on, is really the net diesel cost, which I'll

speak on just now. From a NAV point of view, a big Rand weakness coming through... If you look at the contributors, FX International Investment at 44.9 cents. As well as, then if you look at the statutory profit, which is really just us continuing to generate cash in the business. And then the offset on the other side is really the distribution that is coming out – the interim distribution at 20.3 cents.

I think, when we look at the considerations that we always put in terms of balancing our liquidity requirements, in terms of what do we think are the cash-back earnings... We look at where we can alternatively apply the cash, maintain the portfolio fresh by deploying capital to it, managing (especially in this time we find ourselves)... managing some liquidity risk to reduce debt, looking at LTV, and I think also more sensitivity. Lastly, there is... that we do look at optimal tax payout point without any leakage. So our 85% payout ratio is supported as well by the cash contribution – in February, we received an interim cash distribution from EPP of €15 million. So that's on a case-by-case we're looking at... we looked at it, but in this case, we're quite comfortable that will apply an 85%, and then we won't apply it to this payout.

The point I touched on earlier... just around really managing the impact of the energy crisis. I think you can see the impact in the earnings of 1.5% that we recorded in this half year. At the pre-close, we gave you a range that it was also very close to that. But, I think, the point for us here is really the first point in terms... that our focus going forward is to try and build a business that can continue to actually demonstrate long-term value creation. So, if you look at some of the upsides in terms of the yield: initial yield in our solar rollouts is at 18.1% – that's very accretive. And we'll continue to pace those as part of diversifying our energy mix going forward. I think, in terms of the focus here, for us... I think, it's very clear that preserving operating margin in this tough environment – you know, where you've got impacts from the revenue as well as from the cost point of view and also exploring our alternative energy sources – is our key focus going forward. And, I think, that is on the back of very good maintaining, attracting quality tenants so that what you offer continues to be relevant. And then lastly, I think, we'll continue our digital journey, where we're driving efficiencies in the business to try and actually do things better going forward.

Just then to cover engaging talent, I think we are quite pleased that (if you look) this is our third year where we are participating in the SDG Innovation Accelerator for Young Professionals, where up to 12 of our employees continue to participate. That's also another way where we really broaden and bench our talent in terms of people coming up with innovative ideas – also contributing and accelerating our ESG strategy. In terms of staff turnover, I think we... the staff that we regret to have lost, that we'll have liked to keep in SA, is coming at 6.2%, which is a slight improvement from last year at 7.2%. Similarly, in Poland, we're seeing an improvement from 8% – that coming out at 4.3%. But, I think, also – just the other two points here – is that we're very pleased with our staff extending a hand in terms of supporting our communities

where our assets operate. 75 of EPP employees in the period participated in our CSI, as well as the 196 employees in SA that also lent a hand. This also helps us to integrate our assets in terms of the communities where we operate. And then, I think, the last accolade in terms of being a top employer for the eighth consecutive year – we're also very pleased with that because it's part of us retaining and attracting talent. In terms of creating a pipeline where we really want to build a future-fit workforce.

If you see, where we will leverage technology and actually help the business to drive sustainable value creation. I think we want to try... if you look at refining our talent and succession plan, our focus is really on recruiting and developing talent where we will strengthen our bench strength. And, I think, that we're trying to harness that by really embracing diversity across the business. And, I think, some of the points that... in terms of readiness and assessment to fast track talented individuals in specific roles, with focus on women, we'll also continue to focus on that. Our focus areas here, I think, very clearly, we want to... our ability to attract talent, and retain it, and develop it, so that it can really enhance our skills, competence and profile. That will be our focus: we will continue to do that.

We also, I think, in this time that we find ourselves in, from a wellness point of view... you know, is to really drive awareness, so that employees can have access to very... resources that the company provides around our wellness programmes, which is very comprehensive – right across financial; mental health; and all the things that are important from an individual, holistic point of view.

And, I think, the last point of our focus is really around... were inclusive environment to harness diversity, to continue to drive innovation in the business, is really our focus. And, before I hand back to Andrew, I think there is a social economic impact video (that showcases our development action plan in South Africa) that I would like to play for you, and then Andrew will come back after that.

VIDEO

ANDREW KÖNIG

I'm sure you'll agree with me that the audio visual and its demonstration of our socioeconomic actions, is far more powerful through the AV than I could give it justice.

Moving on now to key takeouts. Now, this is one page – if you want to lose the entire presentation, hang on to this page because this is effectively what summarises the entire period as well as looking forward from a Redefine perspective.

As you know, our moonshot pathways have been refreshed. Our ESG reach is now being extended to stakeholders – most importantly our tenants, where collaboration is absolutely critical going forward. Our property portfolio has been diversified and is positioned for organic growth, and with that, EPP being the last piece of the puzzle, now finally stabilised. Deleveraging is complete, and we're quite thankful for that, given that the leasing – sorry, the transactional activity – is dropping off in this current environment. Our quality tenant base is driving strong cash generation as you would see, both domestically as well as in Poland. Our liquidity profile is healthy. We have a proven ability to absorb cost headwinds, and our solar PV fleet mitigates the impact of loadshedding. But most importantly, we have a diverse team of engaged real estate professionals managing these assets to the best potential.

In terms of closing, we all know that the prosperity of commercial property is underpinned by solid confidence, predictable interest rate expectations, economic growth, as well as constructive physical and human capital investment. We are not going to sit back and wait for those factors to play a role in what we are doing. We are going to focus on what matters most, given the uncertainty of the environment in which we operate. However, given that there's rising costs, lack and a cost of energy, low economic growth, as well as illiquid financial markets, which bring higher interest rates with, and given the inflation outlook, we need to continually look at how we rethink cost effectively, sourcing, and responsibly allocating capital, as well as efficiently operating in an environment of higher costs and a competitive rental market. This situation does cause mismatches, and we need to be aware of that. And we are focusing on that on an ongoing basis in terms of lease negotiations, on escalations, in terms of where we're going to be sourcing, debt funding going forward and the like, similarly, as well as deployment of capital. So, what I'm saying (in a nutshell) is we simply need to remain focused on the variables under our control, given the uncertainty of the market, and we'll unpack how we get to a lower guidance of 48 to 52 cents per share for this period. We will apply a payout policy as Ntobeko outlined of between 80% to 90%. I think, in the questions, we will come to some of the unpacking now that we're going to talk about... But before we deal with the questions, I just want to thank each and every one of you for your time, for listening to us today, and for supporting us throughout this whole period where we've been up and down. And, hopefully, now we are well positioned for the eventual upward cycle.

ANDREW KÖNIG

So, I'll just go through the questions if that's okay. And the first one is from Afrifocus – it's from Zinhle, and she's asking, "What is the proportion of the government-tenanted portfolio as a percentage of total portfolio? This is the office GLA as well as GMR."

The short answer there, Zinhle, is that the GLA is 5% and the GMR is 6.3%... and we don't call them C Grade offices, we call it Secondary Grade – just to be clear on that.

Nazim Samsudin from Investec has asked, “Can you please confirm that European JV dividends are not included in the first half, and will they come through in the second half?” That's your first question.

The quick answer, Nazim, is yes, that's right. From a timing point of view, unfortunately, the JVs' dividends will come through in the second half.

And the question is, “Have there been any revisions to the JV dividend expectations of R13 million?”

Nazim, my number is R12 million. I don't think it's a revision, I think our number was always... Thank you, Ntobeko, that's R12 million.

Jonathan du Toit from Oystercatcher, he's asked, “Please, can you reconcile the reasons for the large decline in forecast, distributable income from 54.22 to 56.4 cents, as given with the full-year results to the guidance today are 48 to 52 cents.” And, Ntobeko, please can you answer Jonathan? Thank you.

NTOBEKO NYAWO

Yes, that range between 54 and 56 cents. If you look at that, it's about 5 or 6 cents reduction to 48 and 52 cents. A large chunk of that six cents – it's actually about five cents – is attributable to the higher interest rate, cost of debt. And then the 1 cent is roughly just what we think, given loadshedding impact in the months ahead of winter coming, we think that could build up to that – that's a downside in terms of loadshedding.

ANDREW KÖNIG

Thank you, Ntobeko. Jonathan's got another question. He asks, “In the South African industrial sector, total revenue declined from R828.5 million in the first half down to, let's call it, R650 million in the second half of... sorry, in the first half of 2023. Please, can you provide an explanation.”

Jonathan, very simply, this is due to disposal activity. We disposed of two significant industrial properties in the second half of last year (in Isando). But if you like, Leon can provide you with a more detailed reconciliation of that, that decline... but that is effectively it. It was the disposal of those two properties. One being Pepkor Isando, and the other one was a French Road property.

Mahir Hamdulay from Absa asks us, “What do you expect the cash back EPP DIPS contribution to be for FY23? Given that R15 million was received in February 23 – appears to

be tracking ahead of the 60% cash back earnings from EPP previously guided or expected.”
Ntobeko, please can you answer Mahir?

NTOBEKO NYAWO

Mahir, I think what we said here... Firstly, we do expect EPP earnings to be largely cash paid. So that's the first point, but what we said in guiding to the 60% is that when we look at the group payout ratio, we'll then might allow EPP to actually leave some liquidity to deal with the refinancing of its maturing debt profile. Given that we are largely... have dealt with most of the immediate short-term refires, we are quite comfortable that that 60% will slightly improve. You're quite right, it is slightly ahead of time.

ANDREW KÖNIG

Thank you, Ntobeko. In terms of another question, Afrifocus, Zinhle asks, “What are the key factors that led to an improvement to the net property expenses to 14.5% of revenue, given the highly inflationary environment we find ourselves in?”

Zinhle, there is not one magic intervention here, or one magic bullet that cured everything. It's across the board, relentless focus on every variable under our control by everybody in the business that has enabled us to absorb these extraordinary cost pressures that we have faced, which Ntobeko has outlined in his presentation.

Moving on to Nazim Samsudin, once again, asking, “How much will Euro amortisation reduce group LTV by or, all else, equal?”

So, Nazim, the short answer is that roughly 2% of our offshore debt is subject to amortisation. And if you look at Ntobeko's sensitivity analysis, you can actually work out from that the impact on group LTV. Ntobeko tells me it's roughly...

NTOBEKO NYAWO

...about 50 basis points, Nazim.

ANDREW KÖNIG

Good. Okay. It seems like it's the last question. It's from Pranita Dyer from SPG securities. She asks, “Thanks for the presentation.” (You're welcome, Pranita.) “Are you still looking to unwind your cross-currency swaps upon expiry or will you renew them given earnings pressure? Also, what are the key drivers behind the -6.7% reversions, given positive revisions amongst peers in the region?” Okay, so, Ntobeko, if you'll answer question number one? And I'll answer question number two.

NTOBEKO NYAWO

Thank you, Andrew. Pranita, like we said... We said we'll do a gradual online, that takes us up to 25 or 26. So, in the current period, like the one that came up for maturity, cross currency in late last year, we actually refired it and extended it. So, given the environment we're in, we will probably have a very gradual approach until 2026. Thank you.

ANDREW KÖNIG

Good, thank you, Ntobeko. Just in terms of the EPP negative reversions, I don't think a simple comparison to peers is that easy, Pranita – given that you need to look at the underlying tenant base and the shifts in what EPP is trying to engineer, given that there is a strong focus now on value in that market. So, if you look typically at the high-end (fashion, for example), that's where there's a lot of pressure, and that's where you're seeing rentals reverting, which were done a number of years ago in very, very different economic environments. Those are what is driving those negative reversions at this point in time, and (as we said) they are starting to reduce.

In terms of these, two more questions – one from Louis Kruger from 361 Asset Management. He says, “You've spoken to headline LTV target ranges – do you have a see-through?”

Louis, the answer is yes. If you have a look on the LTV slide, we do provide you there with our see-through LTV. Ntobeko, what is that LTV, please?

NTOBEKO NYAWO

Group see-through is currently sitting at 47.4%.

ANDREW KÖNIG

Okay, there we go. Thank you. Okay, Zinhle is having a busy afternoon. She says, “Please talk us through the rationale behind increasing interest-bearing borrowings. I'm assuming that also factors into higher financing costs affecting the change in guidance.” Mr Nyawo, can you talk to that?

NTOBEKO NYAWO

Yes. We largely... I think, what really largely you see as an increase in our interest borrowings is the offshore component because of the weaker Rand. That's really not... where we haven't gone out and increased our borrowings per se. It was largely driven by the weaker Rand. That's what you're seeing there.

ANDREW KÖNIG

Okay, Francois du Toit from Anchor asks, “At what interest rate was the Echo Kilter and Marcelin debt facilities refinanced?” Ntobeko, has it been...?

NTOBEKO NYAWO

Yes, Andrew, it has a 2.5% margin.

ANDREW KÖNIG

Okay. Thanks. Also bear in mind that the base rate, Francois, if you fixing today is roughly 3%. So, all in 5.5% would be the interest rate, if you're assuming 100% fixed. Okay.

All right. I think that's all the questions for today. Once again, thank you so much for your time and attendance. And remember, you're most welcome to reach out to us via investor relations. Should you have any questions that you haven't asked, or any parts of the presentation that are unclear... But if we are seeing you in the one to ones, we look forward to that, as always. And we are here to answer any questions anyone has outside of that as well. So thank you very much and enjoy the rest of your week. Thank you.