

REDEFINE PROPERTIES LIMITED

Group annual RESULTS

for the year ended 31 August 2021



ANDREW KONIG

Good afternoon, everybody. Welcome to Redefines annual results presentation for the year ended 31 August 2021. It gives us great pleasure to take you through the outcomes for financial year 2021. I will be joined by Leon Kok our Chief Operating Officer, who will take you through the invest strategically section. Thereafter, our CFO Ntobeko Nyawo will take us through optimizing capital, operating efficiently, as well as engaging talent, and then I'll just wrap up at the end. So as you can see, 2021 was a very busy time for Redefine, and I'm very, very happy to say that all our labours have borne fruit, I need to thank all of you as very patient investors, you've given us the room and the space to do what we had to do to ensure that we implement all the strategic priorities that we set out to at the end of last year, and here they go. So from a growing reputation point of view, I'm very happy to announce that we've resumed paying dividends once again, we've deepened our commitment to the fulfilment of sustainable development goals, with tangible key performance indicators, and we've also used this opportunity to refresh our stakeholder engagement strategy. From an investing strategically point of view, we have made huge strides in simplifying our asset platform, and we've also reduced our exposure to, what was in the past multiple risk universes. Very importantly, we've made a lot of progress on resolving unproductive assets, I'll be talking about EPP in due course. And, we've positioned our asset platform for organic capital growth going forward. From an optimizing capital point of view, the good news is that our balance sheet risk is in the past, we are now approaching an acceptable level of loan to value, which Ntobeko will elaborate upon. Similarly, we've broadened our funding sources through the issue of sustainability linked bond. And during this period, we've created substantial liquidity headroom, which buffers us against any volatility going forward, and also creates the environment for the resumption of dividend payments. In terms of operating efficiently, we have optimized our operational efficiency to mitigate cost escalations, which as you know, we have a number of administrative costs. And very importantly, we are well positioned to capture the opportunities as the recovery cycle comes. We have eliminated reliance on non-recurring income streams, and also, we've adopted smart business

processes as a way of doing business. So, it's not just digitalization, but it's also looking at how we do business, and we'll talk a little bit about it in the coming slides. In terms of engaging talent, we've embraced the hybrid workforce, through flexible work policies, and connected workspaces. Further to that we've embedded diversity into our culture, and as a consequence we've built a resilient and adaptable workforce.

Just in terms of moving on to growing reputation. In terms of key outcomes, from an environmental point of view, we've achieved the largest bank Green Star existing building performance certificate for 40 buildings, we have improved our 2021 GRESB score for standing investments from 59 to 65, out of 100, and we've committed to all buildings being converted to net zero carbon, water and waste, by 2050. In terms of the social pillar, we have benefited significantly from the United Nations Global Compact, and our young SDG innovative team, for example, is just one example of the many benefits for the business from joining the UN Global Compact. We've introduced the human rights policy and also, we've enhanced our Code of Business Conduct to more explicitly incorporate ethical considerations. As I said earlier, we've refreshed our stakeholder engagement strategy to create sustainable stakeholder ecosystems. From a governance perspective. I'm very, very happy to share with you that we were the winner of EY's 2021 excellence in integrated reporting Awards, it took us 11 years to get there, but I'm very happy to say we are finally there, now it's a question of maintaining that position. We also revised our total remuneration framework to be fit for purpose, and we've achieved an 88th percentile, ethical cultural ranking from the employee ethics risk survey we conducted recently.

In terms of our stakeholder, our key stakeholders and stakeholder goals, we've used the opportunity to relook and revisit our entire spectrum of stakeholders, and we've refreshed our stakeholder engagement strategy. You'll be very happy to see that investors and funders are top of mind in terms of our influence on them, and their influence on us, so we do take whatever you say very seriously, and we see our relationship as one of collaboration, just by way of example, as to how we deal with some of our stakeholders. Just looking forward in terms of 2022 key focus areas for growing talent, oh sorry, great reputation. Our focus is on diversity in all our operations, we will be introducing a climate resilience framework. And very importantly, we are looking to embed environmental, social and governance in our stakeholder relationships as well. With that, I'm now going to hand over to Leon who is going to take you through the investing strategically strategic priority. Thank you.

LEON KOK

Good afternoon, everybody. Just to touch on some of the key outcomes for 2021 on our investment platform. So, the property assets under management is now valued at 72.9 billion. We were quite busy during the period, as we indicated previously, that our most important strategic objective was to reduce LTV. So, in this regard, we disposed of 5 billion rand worth of assets, 2.8 billion of that was Leicester Street in Australia, the student accommodation disposal, and the balance of 2.2 billion local disposals. In addition to that, we've got 6.2 billion worth of property asset disposals, at a very advanced stage. You'll see in the back of the booklets, we've listed the properties that are held for sale. In other words, those are transactions that are unconditional, it's just awaiting transfer, that's 2.8 billion, and then roughly the balance of that just shy of 4 billion relates to properties that are all disposal transactions that are subject to various conditions. But we're very confident at this point in time that we will be able to execute it during the course of this financial year. The bulk of our development spend, as you can see, just sort of a billion rand, was spent on logistics, in the first instance, on our ELI logistics platform in Poland, as well as three logistics projects

locally in South Africa. So, 83%, to just sort of 83%, of our property platform is now local, the balance 17% is predominantly within Poland, but we still have the last asset in Australia, as well as a minority exposure in Africa. So that kind of put the asset platform transformation process, and it's fully concluded, and we just hoping that when we carry on going forward, the emphasis would be on recycling the non-core properties as opposed to some of the large transaction we've undertaken of late.

In terms of our local portfolio, the headlines, 59.1 billion is the carrying value of our properties to date. The average value per property is now 217 million, you'll see a slight increase on the prior year. So, if you can just see, because of that revaluation we've suffered, that implies that the assets we sold off, would have been a smaller non-core properties. So that reduction in number of tenants to 4 214 is also as a consequence of the reduction in the number of buildings. So the weighted average enforced lease escalations, in other words, all those leases that are currently in place, sits at 6.5%, and our weighted average unexpired lease term is a 3.4 years, which in our view is still reasonable, and obviously a key focus area for our team to continuing to look at flattening that, make sure we don't have any undue peaks, as well as extending it over time. So, from a portfolio composition 41% of our portfolio is invested in retail assets, 37 in office and the balance within the industrial space. In terms of the key outcomes, the portfolio devalued by minus 2.7%, compared to what we suffered last year in August of that minus 10%. So, it's broadly in line with an indication we gave earlier in the year of a minus 1 to 3% for the total year. At half year, that number was minus 1%, and that devaluation of 2.7% was predominantly driven by the office portfolio. As you can see, on the right-hand side there, 1.6 billion write down suffered in the office portfolio, which is presently around income assumptions going forward. As I said earlier, we've completed three logistics developments during the period, and our retail development, which is Kwena Square in Little Falls is in progress, and that total development costs will be just short of 180 million at 175.6 million. During the period, we sold the 2.4 billion, the bulk of that would have been our local student accommodation, and then certain other retail assets as well. If you can refer deeper in the presentation booklet, we've got the full details of all the properties that make up that 2.4 billion. One aspect that we were extremely pleased about was the improvement in our occupancy. So, our active vacancy reduced from 7.3 in the prior year to 7.1%. We'll touch on the various sectors in a minute. Our total letting activity was 839 thousand square meters, of which roughly half of it was new deals, and the balance, of course, would have been renewals. I think that is just a nice indication of the level of activity that has been undertaken in the last 12 months. I think often, particularly those of us or those of you that work from home, could be confused and think that we just sitting on our hands, but I think that definitely is a great testament to our teams being on the ground and pursuing all the deal opportunities that are there. So, for us it will be ongoing focus to make sure that our tenants, the various footprints are outsized in order for us to maintain a sustainable trading performance. We must however reflect from an income point of view, our renewal reversions are under significant pressure, we'll deal with those in the various sectors. As far as our retail portfolio is concerned, that portfolio is now worth 24.4 billion. The total number of buildings have reduced slightly to 68, and you can also see the reduction in the number of tenants related to that.

In terms of COVID relief, obviously the retail sector, has been very impacted heavily by lockdown regulations. Fortunately, we escaped that very draconian level five during this period, which was a main feature of last year. As you can see, the rental relief, and rental relief consists of discounts as well as deferrals reduced from 234 in the prior year to 83 million this year. This number is shown growth of any deferrals that we have collected in the year, further in the booklet you'll see the actual breakup of the deferrals collected against

that. But as we just showed on a gross level for you to have an understanding of the level of impact that the lockdown regulations have caused during that period.

On the retail front, we're very pleased with production a vacancy from a 5.6% to just over 5%. So, in particular, very good letting activity at Africa Mall has contributed to that, and we're quite pleased at that level. So, from a total letting activity, 40% of the 267 thousand square meters of deals that were done, were new deals, the balance obviously would have been renewals. On a tenant retention front, this for us is a very key feature. Now just to distinguish between tenant retention and renewal success rate, tenant retention looks at the entire population of tenants, so it measures by GMR, gross monthly revenue, the tenants in occupation as end of the period versus August of last year. So that sits at a very healthy 91.4%. In terms of the renewal success rate, these are leases that would have expired during the period, we were successful with 73% of those renewals, and that relates to as the footnote indicates to 11% of the portfolio. On that we suffered negative reversions of minus 13%, marginally down on the number we showed at end of February, and that obviously is mitigated by that weighted enforce lease escalation 6.1%, which similarly has come down a bit. We're looking to do, or currently, the average lease escalations range between five and a half to 6%. And that's why you see that gradual decline in that escalation percentage. Another aspect that would for us be a key focus this year is the expansion of our solar PV fleet. We're very proud of this, and certainly the lifting of the one-megawatt cap has opened a number of opportunities. As you can see in the retail space, we're targeting 12.5 megawatts worth of installation in the next 12 months.

As far as the office portfolio is concerned, this portfolio is now at 21.8 billion. The COVID relief that was granted, substantially down to, from last year the 80 million is down to just short of 31 million. And the other very pleasing aspect for us here is on the vacancy front, I think, generally there's been negative headlines around employment stats, around particularly office vacancy nationally, and we've managed to reduce that from 13.8, at last year to 12.9%. Now one aspect that certainly stands us in good stead here, and that's why we've included on the right hand side, just the composition of our portfolio, 87% of our office portfolio is located within the premium A grade space, in our view that will certainly enable or better enable us to pick up any deals that are available in the market, and hopefully we can make further progress on that vacancy front of 12.9%. We've also given you a snapshot just on the vacancies by the various node, for instance in Sandton our vacancy sits at 10.6, so those are all our Sandton buildings. The vacancy for us is at 10.6, relative to what we've seen previously printed for that total Sandton node, roughly about 20%. So, we do think that our leading team, or leasing team, has done exceptionally well in this regard.

So, on the renewal front, 40% of those leases that came up for new we were successful with, and that is translated into a tenant retention rate of 91.5%. That was obviously on the back of that renewal success rate was only on 14% of the portfolio. The renewal reversions, which the aspect that we highlighted, yes, revenue and rental levels are under pressure. So, we experienced a 16% negative reversion, compare that to what we showed end of February at a minus 25%. This figure has substantially reduced and that's obviously because there's a greater quantum of deals being done during the period that would have contributed to that. But that's certainly for us a red flag, and is something that, there is significant pressure on. Obviously in the absence of real economic growth, and any meaningful progress being made into reducing unemployment, the real net demand for office space will continue, or the lack thereof, will continue to put pressure on the renewal reversion. Also, in our office space, even though it's not as big as the opportunity within the retail side, we've got a fairly sizable solar PV plant within our office space of 3.8 megawatts,

and we're looking to install a further 235 kilowatts of solar PV opportunity in this forthcoming year.

As far as the industrial portfolio is concerned, this portfolio is now worth 12.3 billion. The number of buildings is standard 97. So, you'll see we've managed to dispose of 10 of the non-core or secondary properties in this portfolio. The rental relief, they're proven to be more defensive during the volatility of lockout and such luck is reduced to 11.5 million compared to a 38 million in the prior. The active vacancy at 4.6 is slightly elevated to what we had last year, but there was a consequence of those Max Steel properties, the secondary far outlying properties that we've taken back, that contribute to that increase in vacancy. In terms of letting activity, also, in industrial front, very active, we did 376 thousand square meters of deals, of which 64% was new deals. Our tenant retention has reduced slightly to 86.4%, and our renewal success rate on those leases that came up for renewal in the period, was at 57.8%. The negative revisions also reduced slightly and that's only at 2.4%. The weighted average lease escalation in force is 6%, and on the industrial front, we also looking at a couple of very attractive solar PV projects and we look to roll out a further 1.4 megawatts during the period coming up.

In terms of our alternative investments, not much has changed since last time, so this constitute predominantly those vendor loans roughly 2 billion is to various third parties. Just to note again, we continue to market the loan to the BE consortium that acquired our Delta shares, at the latest reported value of Delta. So, there's no risk in that, the number you see in the balance sheet is the reflective market value of the underlying Delta shares. For us, the main thrust on our alternative investments is around the solar PV, as I mentioned in the various sectors, there certainly is a very attractive opportunity to significantly expand our solar PV fleet, and we're looking at a combined total of 14.1 megawatts at 155 million, with a very attractive first year yield of just short of 20%.

On the international front the portfolio is at 12.6 billion that predominantly comprises of EPP, which we own 45% and also our ELI, the European logistics platform, which we own 46.5 % at 3 billion. The balance of the international platform consists of the Australian student accommodation, which we in the process of exiting, as well as that minor stake in Lango, which is African focus fund. For those of you that's interested to calculate the see through LTV, we've given you an indication of what the proportional share of assets is 27.2 billion, as well as the proportional share of debt 22.6 billion, and that relates then to see through LTV of 49.7%. Very important to note though that the proportional share of the debt, in other words, the debt applicable in particular to EPP and ELI is non-recourse to South Africa. So this is purely from an academic point of view, if you would do want to calculate what that see through LTV effect is you take that into account, but there's no recourse of any of their debt to the Redefine balance sheet. On the international portfolio outcomes, generally very positive. You would have seen the announcement this morning by Redefine as well as SENS announcement by EPP around the non-conditional, the conditional proposal that Redefine made to the EPP board. And we will deal in detail with that in a slide later on in the presentation. So during that period, we continued to see strong demand for logistics assets, and that was where the bulk of the capital allocation was directed to take opportunity or take advantage of those opportunities we do have to expand our logistics footprint in Poland. We have seen from the results as published by ATP, that the underlying retail asset values have certainly improved, and would appear that we've hit the bottom there, and that there is certainly very good green shoots in terms of recovery taking place. We're also looking to recycle, and this is part of that 6.1 billion that I spoke about earlier, of recycling of the six of the original logistics assets that was in the ELI portfolio when we acquired that, to sell that

for a total amount of 1.2 billion rand. Then Swanston Street, which is the second student accommodation facility in Australia, that settlement and that cash flow is due end of February 2022, and we're very confident that the purchaser is able to perform, and that the cash will flow at that point. And then lastly, all our non-recurring elements within the international portfolio has completely been eliminated, as after we've rationalized that Chariots investment through obviously the disposal in acquisitions of M1 Marki.

On the European logistics platform, very pleasing set of highlights for us, in particular, on all fronts here there certainly is very big ticks, and greenlights for us. Just remember the stats that are shown on this slide is 100%, Redefine only owns 46.5% of the logistics platform. So, the total value of the income producing assets is now 555 million Euro, and income producing GLA's increased from 527 thousand to 689 thousand square meters. Redefine, the remaining equity commitment of 17.6 million Euro will be part funded by the earn out it will earn on that structure, to the tune of 6.3 million Euro. During the period we completed new developments of 147.8 million Euro, and we experienced significant capital yield compression, and there was an uplift of 45% compared to the actual development cost. So, the total DLA added during the period through development was 174 thousand square meters. So, on a like for like basis, this portfolio, the actual portfolio within ELI or GLA increased by 14.9%, which also speaks to the heightened demand around logistic space and the compression in yields. What was quite pleasing was that reduction in the vacancy. So, the vacancy of 9.4% has reduced to a very pleasing 3.9%. There's still a very attractive pipeline of future developments, and new developments in progress amounting to 164 million Euro is currently in progress. We've managed to extend a weighted average unexpired lease term to 5.6 years.

Just to give you an indication of our capital priorities, or capital allocation priorities for the year ahead, this totals just short of a billion rand, the bulk of that, as you can see on the right, top right, which will be supported by income growth, as well as capital appreciation is around expansion, particularly around our European platform, as well as local expansion. The retail front is obviously completing that retail development in Little Falls, as well as certain other industrial developments. On the protecting front that 111 million, the bulk of that is directed towards reconstructing and fixing those assets that was damaged during the public unrest. And on the improving front, the bulk of that 200 million will be directed towards the solar PV expansion.

So just to wrap up, our priorities for 2022 will be to focus on re-evaluating the relevance and growth prospects of every property asset. And this in particular is extremely important for us. As we live in a post pandemic environment, the virus is not going anywhere. So, we need to understand how we position our assets to remain relevant to the evolving use and needs of our users. We will also seek to focus on opportunities to expand our income base. We appreciate that rental levels are under pressure, and that's a critically important point for us, to see how better we can position the platform for sustained growth. And then lastly is to create spaces for people to live, work and socialize sustainably. And that speaks to the point around, how do we manage ourselves to live and to work within environment plagued by this pandemic. So just to give you a snapshot of what we think the portfolio would look like, past or post the successful conclusion of the EPP transaction, 70% of the portfolio will be focused within South Africa, across the those three sectors, and 30% would be focused towards Poland, in particular, the retail and industrial sector. Thank you, with that I'm handing over to Ntobeko.

NTOBEKO NYAWO

Thank you, Leon. Good afternoon everybody, just want some of the key outcomes for us in optimizing capital, I think, really, the consistent message, which is really in line with us executing on our strategic priorities in the current period, you could really see a 6.3 improvement in our LTV, which is really directionally pleasing to get us to levels that hopefully, are acceptable and will be sub 40 as we go along and continue with executing those. But also a stable outcome in terms of our interest cover ratio at 2.6, that's also quite pleasing. The liquidity profile is very improved, from the 2.8 billion rand that we had recorded in FY 20, that is now sitting at 5.8 billion rand, which is makeup of our committed undrawn facilities of about 4.5 billion rand as well as a cash on hand of about a billion rand. If you look at some of the opportunities, I think the environment that we've been in from an interest rate cycle point of view, our ethos to hedging will remain uncertainty, but where it makes practical sense, from an opportunity point of view, we'll take some planned and extended as we've done in the period that we're in. But I think, for me, one of the things that probably is a key attribute in our business, that was what the pandemic, and the volatility has kind of shone a light on is really our true cash generating ability in periods that are really stressed or constrained, and we'll touch on that just shortly. But if you look at our average collection during the period that we're covering today, in the results coming out at 98.4% shows you the relative recoverability of that.

And just to, in the debt side in terms of progress that has been made, I think nett debt reduce since FY 19, by 11.5 billion rand, and I think avoiding a diluting issue is quite a, we think that bodes very well from a value equation point of view, and set our balance sheet to support and also be in a position to do take some opportunities that we'll see post the pandemic. We've provided on the bottom of this slide, some sensitivities, which I think do highlight that there is some risks that we still think will overhang in terms of this, for example, you will see that the rand volatility does play into this, in terms of things going forward, how we think about it. But more importantly, if you stretch where we came out now with an LTV of 41.6 and try to look forward to the next 12 months, it gets to sub 40, where we can absorb distributions that we'll make, and also but importantly, continue with our plan of disposing non-core assets, as Leon has alluded to earlier.

In terms of our cash generation ability, you can clearly see that in the early periods around about March 20, when we really entered the hard lockdown, our cash collection dropped off of gross billings dropped to 73.4. But you can see as the response and the management of the pandemic, the risk adjusted levels get much better, you can also see a relatively pickup in our average collections, which really has bode very well in our view, this bodes well and supports our income generation. And one of the things that, as well in the period that is quite pleasing, is that we renew debt of, largely bank debt, of about 9.6 billion rand and new liquidity sources of about 0.6 billion rand. Continued appetite to Redefine, which is quite healthy, as the credit metrics have remained quite robust and improving through as the business is building through. We've touched on the, on the liquidity profile, which really is also pleasing for us. That strength of liquidity actually assists the business and puts a lot of tools in our ability to manage the volatility that, you know, for sure will certainly come as the pandemic, you're not completely out of it, but it's a matter of learning how to live and manage and deliver against our strategic priorities in a volatile environment.

We were just trying to share the exciting news, which really plays into the core of our investment proposition as a REIT, which is to resume paying dividends and the careful considerations that we've looked at in terms of value leakage, and the actual distribution of our taxable income. And I think what one of the things that we'll consider as well, is to

accompany this cash dividend with a drop, alternative in terms of going forward. If you look at some of the focus areas that we really looking at was to continue from a balance sheet point of view, as we have de-risked and is to continue to optimize our funding model. Liquidity is our ability to manoeuvre in the volatile times, and that will help us maintain a low risk balance sheet going forward, and with the outcomes that really, hopefully will bode well for our investor base, which is to create a sustainable capital base, and continue to, with the stream of dividends that we pay over a period of time.

If we move on to operating efficiently, where really our healthy active portfolio margin coming out improving to 83.1%, from 79.7%, in the previous reporting period, that is quite pleasing from our side, but also a very important feature in terms of our distributable income analysis, it's really a reduction to almost where in FY 21, we've reduced to just about a percent of our distributable income of 2.8 billion rand, is the non-recurring income, which is actually completely being getting to a point where it's eliminated. And I think Leon did touch on the tenant relief, and you can also see that, that improvement, if you look at it nett of those reliefs that Leon mentioned, where we factor, what you've also, the deferrals that we are deferred in the previous and the current period that we've recovered, and included into that, is our nett COVID relief coming out at 60.7 million rand, in the period that we're reporting in, compared to a period, in the previous period where it came out at 318.3 million, which really will show you the impact that were there in the previous period. And also, from a bad debt point of view, where we come in at a 39.4 million rand compared to a bad debt movement of about 310 in the previous period.

We have spoken of, with a dividend coming out at 60.12 cents, in that it's actually the 52.96, which is our distributable income, we're quite pleased with the growth of 2.8% from the 51.50 cents of what we recorded in FY 20, to the current period, which is also very pleasing. And looking at that with an 18.4 cents uplift in our NAV, coming out to 3.24 cents. And then I think also, if you look at our market cap in the period, look directionally coming out at 27.7 billion rand, though we like the trajectory that is taken, but I think there is still a fair bit of a discount to our NAV, if you look at the share price, hopefully, with the right things that we will continue to, with the focus that we have on sustainable responding to the things we're doing, we'll see that closing out over a period of time. And we have provided with you, on the bottom right of the screen here, in terms of just the movement in our tangible NAV per share over the period since FY 17, which you can see it start to picking up from the FY 20 period, to where we recover into 7.33 cents.

I'll deal with just a few key headwinds here in terms of the active portfolio from an NY point of view, where we've seen a 244 million rand impact on that. And then one of our really biggest challenges is a trade-off where, when we try and confine our, and fix the balance sheet, you do have to give up some of the income piece in terms of the assets that you've disposed, and that impact came 126 million rand as part of our disposal program in the current period. But if you shift to the tailwinds on the other side of the slide is that you can see clearly that our actual experience in terms of bad debts, and the level of COVID relief has actually helped us as well in terms of bringing back our distributable income to 2.8 billion rand, which is the number that we are reporting for the period under review. On the NAV point of view, I think retention of cash relating to FY 20 has not paid a dividend, you can see that helping the NAV uplift in terms of giving us a 36.17 cents, and then the Forex is pluses and minuses, but I think what is really pleasing for us is that the NAV uplift in our international assets coming through to absorb some of the pressure that you've seen on the SA revaluation side, which Leon did touched on, which largely was impacted by our office dropping quite a bit. But with that, I think we are quite pleased with a bit of a NAV uplift that

is coming at 7.33 cents. In terms of the key focus areas, here, I think we'll continue to really look for efficiencies in terms of how we operate, but in how we got to that we really embracing technology, where we're looking at a transitional points between human potential and the advances in tech, so that we can better serve our clients and continue to create spaces that are relevant for our tenants over the period of time. We, that from an outcome point of view, I think, largely for us, it will be to drive in the ramp of our business, that organic growth that we expect from the SA portfolio over a period of time.

Then to touch on engaging talent. I think the biggest shift for us is around embracing diversity, where we talk about shifting to inclusion, which really we believe over a period of time will spark innovation in the organization, it will also stimulate creativity. But the reason why those things are quite important, and we think they'll complement our core property skills and competencies, as we navigate a very tough competitive space is that it will help us differentiate some of our offerings in terms of our clients over the period of time, but I think we can't talk about people without the impact really of the pandemic. And I think each and every one individual of us have got a very close story that we could share about COVID, so we are quite aware of that, and I think we are working, we've got a whole sheet of wellness programs that are available to our employees, we encourage that, that is actually used by employees. And we think as part of our response that will help us to continue to maintain high engagement levels and support our employees through a very, very tough period. But I think from an outcomes point of view in the people space, we're also quite pleased that we continued for the sixth year in a row, to be certified as a top employer, and also some of the outcomes that Andrew touched on from our ethics survey that we've conducted, because operating ethically is actually one of our core values that we embrace, and stand for as an organization. If I wrap up on this, just from a key focus point of view, I think one of our secret sauces in going forward, a resilient working force will be quite important for us, that's why we want to embed also things of innovation, and a culture where people can really explore how we could better serve our clients going forward. From an outcome point of view, it's really being adaptable in the tough periods that we're in, but also really leverage the gains that we think technological will come and amplify our core human skills, with that are like to hand over to Andrew.

ANDREW KONIG

Okay, so it goes without saying and I'm sure you'll agree with me, that 2021 was the turning point for Redefine, and I'll just touch on a few aspects to support that statement. Just in terms of our proposed corporate reorganization of EPP I just want to say at the outset, our strategic intent here is to restore our investment in EPP into a productive asset. You may recall that we've had a dividend drought from EPP for about 24 months so far. So, Redefine has submitted a non-binding proposal to the EPP board, which if implemented will constitute EPP as an unlisted subsidiary of Redefine. Redefine will make an offer to EPP shareholders, to swap their EPP shares for Redefine shares, at an independently verified and fair swap ratio, and the transaction will be conditional on EPP shareholders approving a de-listing of the company and implementing certain restructuring transactions. The EPP restructuring will significantly bolster their balance sheet, generate much needed liquidity, especially for upcoming loan maturities in 2022, and very importantly, will materially reduce EPP's LTV ratio. As a consequence, there'll be no material impact on Redefines loan to value. Should the transaction be implemented, EPP will be restored to a dividend paying position in the short term, it will materially contribute to improved, Redefine distributable income, and similarly enhance our distributions to our shareholders. The market will be provided with a single entry point into EPP via Redefine, and Redefine shareholders will benefit from the geographic diversification of a directly controlled income stream going

forward. Further update announcements will be made by both Redefine and EPP in due course, as events unfold, and there will be many of those in time to come. Just in terms of our moonshot, it is very ambitious, and it is in this decade to deliver the smartest and most sustainable spaces the world has ever known. That's our moonshot for the next 10 or so years, and we have embarked upon five pathways to guide us to shoot for the moon. The first being to be an explorer and an innovator, and this is a challenge to each and every one of our staff members, delivering diversity, equity and inclusion. Very importantly, especially as a consequence of the pandemic, highlighting this very situation that we see before ourselves and played out in South Africa in July, as you know. Being bionic, Ntobeko did talk about that in terms of blending people competencies with new data and technology capabilities. Building ecosystems, that's what every stakeholder, we want to have robust ecosystems through collaborative partnerships that speaks back to a refreshed engagement strategy for every stakeholder. And then lastly, but very importantly, being a force for good, and that is doing well by doing good.

In terms of creating a future for this business, it is safe to say that the Redefine of tomorrow is going to be very different from the redefine of today. How we operate has been refreshed, we are going to be more purpose driven, more stakeholder centric, more agile and resilient, more data driven, and very importantly, more innovative and inclusive. That speaks to our investment proposition. We are focused, simplified, sustainable, engaged, and consistent, and by that, I mean, we are focused on people and purpose, placing ESG at the heart of what we do. Simplified high quality as a platform, which is diversified is what you invest in, and we have a sustainable funding model with solid credit metrics. In terms of our human talent, we are engaged, passionate and innovative. And then lastly, but very importantly, and I hope today has been an example of that, we are consistently delivering on our strategy and our stated intentions.

Just in closing, as you would have heard from Leon, Ntobeko, and me, we've responded to the challenges created by COVID 19, to respect, to reset all aspects of what we do. The outlook, however, does depend not only on the battle between the virus and the vaccine, or vaccination program, but also on the effective deployment of economic policies to limit damage and to restore very necessary confidence, both from a consumer and from a business perspective. We have resolved that subdued property fundamentals are going to be with us for some time, and this cannot allow us to be distracted from executing on our strategic priorities, which we've taken you through. Simply put, we need to live with the pandemic going forward. We do remain focused on what matters most, and we will continue to put our purpose and people at the heart of what we do. So as the sector recalibrates to a post pandemic world, our agility and our adaptability, we believe, will differentiate us. Lastly, and unfortunately due to the evolving and highly uncertain environment, we are not in a position to provide guidance on financial year 2022's distributable income per share. With that, I thank you for your attention, I do apologize for the break in transmission as a consequence of an Eskom intervention, I hope you are all still with us, but we are very happy to take any questions or answers that you may have, and I'll just wait to see if anyone, yes there's many questions. I will pass them around the room as I see fit, if you don't mind, and here goes.

QUESTION

The first question is from Francois du Toit, from Anchor, and his question is, the EPP proposal is subject to the RDF LTV being largely unaffected by the proposed merger. This would require that the EPP LTV reduced from 56% to 32%, before EPP gets consolidated.

Please give details of how you expect to achieve the lower LTV in EPP, and how RDF will be instrumental in helping achieve this.

ANSWER

Well, Francois we did say earlier on that there are a number of inter conditional transactions that Redefine has been working on behind the scenes for quite some time now, and those transactions, once they in a position to be announced will be, and will be fully fleshed out in terms of how we take EPP, and your numbers are quite close by the way, from 56% to 32% level, because that's exactly what we are looking to achieve through restructuring the portfolio through a sale of certain non-prime assets. But let us first complete those two transactions that we've gotten underway, before we come back with the full detail.

QUESTION

Sivuyise from Esapha Innovations has asked me, is it compulsory for Redefine to consider SDG's as of due diligence for all investment decisions, or is it recommended.

ANSWER

Well, just to tell you that we apply our SDGs throughout our business, the ones that we've identified as primary ones, as part of our investment decisions. So yes, every aspect of what we do is underpinned by looking at how we play our part in contributing positively to SDGs that we believe are primary to our business going forward.

QUESTION

Another question is, how has July riots affected or continue to affect Redefines local retail portfolio. I'm going to ask Leon to respond to that.

LEON KOK

ANSWER

In terms of the effects, the lasting effects of the riots is that our Chris Hani Crossing, the retail centre that we own in partnership, is still not fully completed as yet, 76% by GLA is currently trading, and we expect that the balance of the remedial work would only be completed in quarter two of 2022 financial year. Similarly, for our Ushukela Industrial Park, there's still remedial work underway there, but in terms of the actual experience in footfall experience on the ground, it would appear that there is no lasting impact following the public unrest.

QUESTION

Thank you, Leon. Okay, the next question is from Nazeem Samsodien from Investec, and he says month to month office leases increasing materially over the last few years, from 5% to 13.2%, of office GMR. Why is this, what's the risk of month leases vacating, Leon.

LEON KOK

ANSWER

Nazeem a big element of that relates to our government tenant portfolio. I think the difficulty one has in renewing leases with government tenants has been well documented in the past, is the bulk contributor of that, so it's not necessarily a consequence of the pandemic. And that for us is a continued focus and we can continue conversation with the requisite government departments to see how better we can come to an arrangement that is agreeable to both parties. From a landlord point of view, clearly for us is important that we conclude those longer term or dated leases in order for us to spend much needed Capex on those buildings.

QUESTION

Thank you, Leon. Okay, Kailan has asked a question from Laurium Capital, perhaps some color around why the greater than 100% payout, given the high LTV we would expect some retention. Ntobeko, do you want to answer.

NTOBEKO NYAWO

ANSWER

Yes, I think you're right, from our LTV is actually significantly improved from the 47.9 that we reported in the prior, to 41.6 which is a significant improvement. But just to give some color from a value point of view, is that we considered carefully the tax consequences of paying a distribution that will be lower than our taxable income, due to the unrealized foreign gains that are included in the taxable income. And I think given all of that and balancing those value drivers, we, the board, after careful considering, felt that it will have been much more up from an investor value point of view, to actually pay at a taxable income, which is to your point, is 100% of distributable income, at 52 cents, and then the 7 cents, which is the windfall, which is a one off, and it's not recurring going forward.

ANDREW KONIG

Thank you Ntobeko. Just to add to that, what we also considered was the value leakage by paying to the Fiscus, the 40% of the taxable amount, or rather looking to recover that in cash terms from a dividend reinvestment plan. And if you do the numbers, on a modest share price, you'll see that we don't need a very big take up of the drip to cover such dividend payout. And further to that, if you look at our 2022 glide path on the LTV, you'll see that we've already factored in these high dividend payments in arriving at our 40% LTV by this time next year.

QUESTION

Another question from Kailan is, does the target LTV of 40% include EPP as part of the group on a consolidated basis.

ANSWER

The answer is no, Kailan. The LTV at this stage excludes EPP on a consolidated basis, because I don't yet control EPP, as from previous conversations, you would have derived that we don't anticipate the inclusion of EPP on a restructured basis, having a significant impact on LTV going forward for Redefine.

QUESTION

Mahir Hamdulay from ABSA Capital says thank you for the presentation. You're very welcome, Mahir. What would you consider a sustainable dividend payout ratio to be going forward.

ANSWER

I think Mahir this is where we need to just take a step back. A dividend payout policy is actually designed for, let's call it normal times, we are operating in extraordinary times, and we need to just put the payout ratios etc. on ice, we are still of the view that a 90 to 100% payout ratio is appropriate, but under normal considerations. We are not currently operating in that environment, and once we get back, and I'm not too sure when that will be, once we get back to normal, yes, our original dividend payout policy will be once again applied, having due regard to taxable income as well, which is very important.

QUESTION

Okay, Sivuyise, has got another question. What are some of the Fourth Industrial Revolution technologies that Redefine has implemented as a means to manage costs and improve asset monitoring. Ntobeko I'm gonna ask you to respond.

NTOBEKO NYAWO

ANSWER

Ja, look, I think just a quick highlight in one of the ones that we really executing on right now. It's an OCR tool, which is got an ability to be used in our lease administration process, to drive a lot of efficiencies, as we embed those and then we do look at other cloud enabled capabilities that will take our business forward. Thank you.

ANDREW KONIG

QUESTION

Thank you. Okay, May Han is a private investor. And her question is, with a number of shares in issue already exceeding 5.8 billion, is the share reinvestment really a good option, as it will just be dilution. The following year's distribution per share added to that question, at what point do we actually look at share buybacks as opposed to issuing more shares.

ANSWER

Well, May, the situation is that buying back shares is actually LTV negative, and makes no sense. Unless of course, you had oodles of cash, a low LTV, it would then make compelling sense, but not in Redefines case. In terms of the dilution that does get suffered as a consequence of issuing more shares. On the presumption that there's a high dividend reinvestment plan take up, all investors should be similarly affected. So I don't think that is an issue, but if you ever look at it in terms of actual dilutions, it's quite low, it's minimal actually, when one looks at it, and in terms of our LTV projection, we actually provided a sensitivity analysis to show you the impact of a dividend reinvestment plan, and why we believe it's a very good option to investors.

QUESTION

Mweisho from SPG Securities, has said, are there any exit fees that might be paid by Redefine as you conclude your disposals pipeline, thanks.

ANSWER

Mweisho, I am not aware of any exit fees. I will just make sure my colleagues Leon and Ntobeko confirm that. Am I correct. Okay, so it's confirmed then, there are none, Mweisho.

QUESTION

And then Nazeem Samsodien from Investec refers us to slide 29, in terms of the distributable income per share bridge, and he asks, how do you expect the first two bars in headwinds to perform going forward, organic NIA, and nett loss from sales. Now, I'm going to have to ask my two colleagues here who wants to answer that question. That's quite a difficult question.

LEON KOK

ANSWER

Look, let me give it a bash Nazeem. So you're quite right. The local revenue in our performance of the portfolio is under pressure, we do not foresee that the negative reversions that we've experienced will let up significantly, you know, so if we are going to look at a minus 10 to minus 12, for the portfolio going forward, and if we can manage to

maintain that lease expiry profile with an acceptable norm. So what we mean with acceptable is that we don't have any undue concentration spikes in terms of maturity. So if 15% of your portfolio kind of renews on an annual basis, you should be able to absorb that minus 10, with your enforced escalation, which sits at six and a half, six. So from that perspective, just on a like, for like basis, your revenue should come out of the growth about 5%, added to that then is a very key focus for us on administered costs, and how we can better mitigate against either inflationary increases on that. And that's why we have made quite a big point around our solar PV ambitions, which certainly from a payback point of view, help us to mitigate that revenue pressure and obviously also reduces electricity cost increases. We would have seen as a power report, this morning, it came out around cost increases and electricity is definitely, is a big element for us. Added to that our other sustainability initiatives will similarly help us to reduce consumption in that space. So, all these factors can help us to sort of maintain that cost base at acceptable level. We certainly are not suggesting that we are going to cut back on costs, particularly much needed, and much or very important repairs and maintenance across the portfolio. So those, rest assured, those are not necessarily within our target. However, we can continue to see how better we can optimize that spend through economies of scale and such like. And then as we said, we will focus on identifying alternative revenue streams, be it within a building from a non GLA point of view, and secondly, for us to be able to mop up that demand that is out there, across the three sectors, and make sure that we make inroads into our vacancy. So, it will be an ongoing pressure point, but, you know, on an understandable basis, if we can achieve 4 to 5% growth on a local portfolio. I think we'll be doing well.

ANDREW KONIG

QUESTION

Great thanks Leon, and Ntobeko do you want to add.

NTOBEKO NYAWO

ANSWER

Yes, on the second point of the impact of the income that we'll lose by our disposal program. It's really a trade off point for us, but I think our view currently where we are, is that we are in the tail end of our disposal program. We think the LTV is approaching acceptable and comfortable levels of our offer or sub 40, and that is really a trade-off point going forward. So, we can't predict how it will play out.

ANDREW KONIG

QUESTION

Thank you Ntobeko, thank you, Leon. Okay, Kailan has asked me another question, and his question is are you able to provide any clarity on the timing of the EPP RDF deal.

ANSWER

Unfortunately, Kailan the short answer is no, not yet. We are just waiting for a ruling from the JC as to when we can hold the EPP de-listing Shareholder meeting. Our preference would be to do this as quickly as possible and have it wrapped up by the end of say February this year. But it is dependent as I said on certain dispensations being received.

QUESTION

Pranita Daya from SPG Securities. Asks a question: what do you consider a sustainable payout ratio for RDF to be going forward?

ANSWER

I think Pranita my earlier comments around the payout ratio apply to this question too, in that, let's just say that sustainable means in a normal environment, it will revert back to the 90 to 100% level.

QUESTION

Anas Madhi from Meago has asked why does EPP have to be delisted for the Redefine restructuring proposal to be affected.

ANSWER

Well, alas the reason for that is because this is a redefined lead restructuring proposal. This was not a restructuring proposal that the EPP management or board have proposed, in fact, from previous statements made by EPPs management at results presentations you would have heard a more leisurely approach to de-leveraging. In our view, one has to be decisive and move as quickly as possible, as we did with Redefine to restore its LTV. And that's why we've taken the lead in this, in that we've demonstrated that Redefine is capable of doing this, and in a reasonably short period of time.

QUESTION

Louis Kruger from 361 Asset Management asks, what happens if there is a Forex loss, what would you do with your distributable income, would it reduce. Ntobeko would you like to answer that.

LEON KOK**ANSWER**

Let's take the example that we in now, if we produce distributable earnings of 50 odd cents, if you have got an unrealized ethics loss, that effectively gives you headroom to manage if you wanted to introduce a lower payout ratio. So from a cash flow point of view, again, it's unrealized, so there's no direct cash then, but it does have the benefit then of giving you some leeway, if you want to introduce a pound ratio to Andrews point around the 90 to 100%.

ANDREW KONIG**QUESTION**

Thank you Leon. Good, all right. Rajay Ambekar, from Excelsior Capital. And this is a question for you Leon, I'm just going to prompt you, please talk through what percentage of each sectors GLA, office, retail, and industrial would you expect to negatively revert as leases expire, and over what timeframe.

LEON KOK**ANSWER**

Again, I think the best year that you can get, we provide you the detail around the lease maturity profile bisector, we give you the graph as well as the underlying data points in the supplementary information in the presentation. But a rule of thumb is that we try and aim that we don't have in any year, a greater than between 15 to 20%, lease maturity in any sector. So that's kind of how we try and manage this, so we don't have these undue spikes. And given our track record in terms of maintaining or retaining tenants, that's the kind of percentage per sector that, on an annual basis, will come up for renewal that will be subject to, you know, as you say now, I mean, the offers obviously a great negative, and retail industrial for far less, but it's between the 15 to 20% per portfolio, per sector.

ANDREW KONIG**QUESTION**

Thanks, Leon. Okay, just from Sivuyise ,thank you for your comments Sivuyise His comment is, thanks kindly Redefine team resilient business indeed. Thank you for that acknowledgement.

Quinton Taljaard from Broad Capital has asked a very interesting question. And that is, are you able to provide clarity on what Redefines aspirational strategic structure is, in regards to the combination between office, retail, and industrial properties in the total portfolio, locally and abroad, especially in the light of structural changes that COVID-19 and work from home brought.

ANSWER

Quinton, the reason why I say your question is interesting is because we are also very challenged around this very issue, around our capital allocation framework going forward. Now, our investment proposition is that you investing into real estate proxy if you like. And what we are trying to construct is a platform that mirrors investing yourself across the spectrum, into the South African real estate sector. So from a geographical split, the geographical split is derived from one balance sheet constraint and how much we can afford to invest offshore. As Leon said in his presentation, our thinking at this point is a 70, 30 split. That is to provide risk diversification, to reduce or lower our risk so that we are able to sustain growth, from a capital as well as income point of view over the medium to longer term. But then from a sectoral split, here we've got our work cut out for us too, and we still busy working with that by the way, in terms of what is the scientific, if you like, split between the three sectors, here in South Africa. We've got some work still to do on that, and I hope that by February or so, our capital allocation framework will be in a position for us to share it with you guys as well. So please just bear with us while we work through that piece of work, and that is more about refining, now that we've simplified our asset platform, it's more about refining our asset allocation going forward. And as you know, real estate is a long term asset loss you can't just, an illiquid one at that, so you can't just simply switch out of one sector into another, it takes time. But certainly, it is something that is exercising our minds.

QUESTION

Evan Jankelowitz from Sesfikile Capital asks, what support you have from EPP's management team, are you able to retain them, and do you want to retain them.

ANSWER

Evan the answer is we think EPPs management team is very strong, they're very capable, and absolutely, we have their support, and also we want to retain each one of them. So, that is not even a question for us.

QUESTION

Mahir Hamdulay, another question from him. He says how much tenant relief has been provided in respect of financial year 2022 thus far. Ntobeko.

NTOBEKO NYAWO**ANSWER**

The tenant relief, on a nett basis, that has been provided for the FY 21 is 60.7 million rand, and that compares favorably to the previous period of 318.3 million rand.

ANDREW KONIG

QUESTION

His question is for this year so far, in the last couple of months since September.

LEON KOK**ANSWER**

Mahir it will be significantly lower than that. You know if it comes to a million to 2 million a month it would be a lot.

ANDREW KONIG**QUESTION**

Right, thank you. Okay, Ridwaan Loonat from Nedbank has asked us the question. Given the growth of the ELI portfolio, and delivering on valuations, can you rely on disposals to reduce LTV in FY 22. Would this be temporary, given the development and expansion opportunities following FY 22, and that's a higher LTV ratio.

ANSWER

So Ridwaan, how we are approaching our expansion or ongoing development activity in Poland on the logistics front is to recycle assets. So you are 100% correct. We are not relying on selling any of our ELI assets to reduce our LTV. We are earmarking that capital for reinvestment into the portfolio. So ELI is by no means a de-leveraging or LTV play. For us it's a growth play, and our way of generating capital to expand is through ongoing recycling of the assets that are at a more mature stage of their lifecycle.

QUESTION

Okay, the last question I've got on my list here is from Sindiso from Visio Fund management. And the question is, will there be a rationalization of your CEE business once EPP transaction is concluded, at present EPP and European logistics are separate entities are the benefits to rationalizing, if so what would these be.

ANSWER

We have not Sindiso approached our thinking around the rationalization of our CEE operations to derive any synergistic benefits. However, it makes absolute sense that when you have your own management team on the ground in Poland, absolutely, they would become involved in our logistics business.

QUESTION

Yesh Pillay has asked us, also from Anchor. Are you looking at opportunities to convert your office spaces into other uses, such as storage or residential. Leon.

LEON KOK**ANSWER**

Continuously as we as we indicated, we're gonna reassess the continued relevance of all our spaces. Now the resi conversion, I think it is, is a headline that a lot of people are pursuing. We have in our view have exhausted those kinds of initiatives within our own portfolio, yes, some of our properties may be sought after by property specialists, they may want to acquire them to convert, but as far as Redefine is concerned, we would not seek to convert any of our existing platforms in that space. Yes, self-storage does present an opportunity, not necessarily for an entire building, but you know, pockets within buildings, underutilized parkades underutilised store rooms and such like, definitely there is an opportunity, but again, from a scale point of view, is relatively small within the larger portfolio.

ANDREW KONIG

Great, thanks, Leon. Okay, so with that, we've come to the end of our questions and answers session. I wish to thank all of you for all of your questions. Clearly presentation has prompted a lot of thoughts. We are happy to engage further with you in our one on ones, and if any of you have questions outside of the one on one meetings, please do not hesitate to reach out to us via mail through our Investor inquiries, or you can approach Leon, Ntobeko or I directly to, we are also ably assisted by Lesley Baerveldt, who heads up our Investor Relations, who similarly is more than qualified. In fact, she probably has more knowledge about the numbers than we do. We can answer any of your questions. So, with that, I thank you once again for your patience. I thank you for your perseverance with Redefine, and we hope that you can see through our demonstration of all the outcomes today that we are building Redefine better for the future. With that, I thank you goodbye.