

CORPORATE
GOVERNANCE
REPORT

2016
A YEAR OF
ALIGNMENT



We're not landlords. We're people.

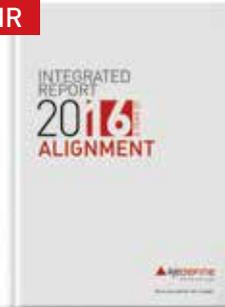
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Our reporting suite

We remain committed to reporting transparently to our wide range of stakeholders through our reporting suite.

To view the full suite please visit our website www.redefine.co.za

| IR | AFS | SES | CGR | AGM |
|---|---|--|--|--|
|  |  |  |  |  |
| <p>INTEGRATED REPORT</p> | <p>GROUP ANNUAL FINANCIAL STATEMENTS</p> | <p>SOCIAL, ETHICS AND SUSTAINABILITY REPORT</p> | <p>CORPORATE GOVERNANCE REPORT</p> | <p>NOTICE OF ANNUAL GENERAL MEETING</p> |
| <p>An integrated presentation of the Group's performance in terms of the six capitals which is primarily aimed at investors and funders</p> | <p>A detailed analysis of the Group's financial performance for the year</p> | <p>A detailed account of the Group's sustainability performance for the year</p> | <p>Corporate governance structure, committee performance and other matters relating to the governance of the Group</p> | <p>Detailed information for shareholders to participate in the annual general meeting</p> <p>Includes: Summarised audited Group results, directors' report, Board of Directors, remuneration report, salient features of the MOI and material change statement</p> |
| <p>FRAMEWORKS APPLICABLE:</p> | | | | |
| <ul style="list-style-type: none"> → IIRC's Framework → The Companies Act, No 71 of 2008, as amended → The JSE Listings Requirements → King III | <ul style="list-style-type: none"> → IFRS → The Companies Act, No 71 of 2008, as amended → The JSE Listings Requirements → King III | <ul style="list-style-type: none"> → The Companies Act, No 71 of 2008, as amended → King III | <ul style="list-style-type: none"> → The Companies Act, No 71 of 2008, as amended → King III | <ul style="list-style-type: none"> → The Companies Act, No 71 of 2008, as amended → King III → The JSE Listings Requirements |

Feedback

Your feedback is important to us and will help enhance our reporting processes. Please visit www.redefine.co.za or email investorenquiries@redefine.co.za

BOARD GOVERNANCE STATEMENT

The Board of Redefine believes that governance contributes to value creation through enhanced accountability, effective risk management, clear performance management, greater transparency, ethical and effective leadership. Such sound corporate governance provides a critical foundation for achieving the Company's strategic objectives while protecting stakeholder value and living the Redefine values.



Leadership, ethics and corporate citizenship

EFFECTIVE AND ETHICAL LEADERSHIP

Ethical leadership is fundamental to the Company. The Board is committed to the highest levels of integrity in conducting the Company's business and in dealing with stakeholders.

The Board understands that it must lead ethically, consistently demonstrate the Company's values and govern in a manner that embeds ethics throughout the Company so as to ensure that leadership is effective and that the Company is able to act as a responsible corporate citizen.

The social, ethics and transformation committee plays a key role in exercising oversight of the Company's ethics and ensures that the Board is sufficiently equipped to deliver on its goal of having a sustainable ethical culture. Although this responsibility has been delegated, the Board remains accountable for the way in which the committee's mandate is discharged.

The principles and structures for good corporate governance are in place throughout the Company and are operating efficiently.

During the year, the Board reviewed and confirmed the Company's formal code of business conduct which is central to the growth and sustainability of the Company and is designed to entrench a culture of intolerance towards unethical conduct, fraud and corruption. The code includes a whistle-blowing policy that offers several anonymous and secure avenues for reporting unethical conduct.

The Company's policy on insider trading and dealing in Company securities ensures that directors do not use their positions or confidential and price-sensitive information to achieve a benefit for themselves or any related parties and further prohibits directors and employees from trading in Company securities during closed periods. Directors are also required to timeously inform the Board of conflicts, or potential conflicts, of interest that they may have in relation to particular items of business or other directorships. Comprehensive registers are maintained of individual directors' interests in and outside the Company and these are updated annually and noted by the Board at each Board meeting.

COMPLIANCE

The Board subscribes to full compliance with applicable laws and regulations in the jurisdictions within which it operates. Oversight of compliance risk management is delegated to the audit and risk committee, which receives quarterly reports on the status of compliance within the Company, significant areas of non-compliance, if any, as well as feedback on interaction with regulators.

During 2016, with the exception of non-compliance with paragraph 3.65 of the JSE Listings Requirements (Listings Requirements) in relation to the late disclosure of dealings in securities by a director of the Company, the Company was fully compliant with the requirements of the Companies Act, No 71 of 2008 (Companies Act), the Companies Act Regulations (Regulations) and the Listings Requirements. The annual REIT compliance declaration and the annual compliance certificate confirming the Company's compliance with the Listings Requirements have been completed for submission to the JSE in accordance with the Listings Requirements.

KING CODE OF GOVERNANCE PRINCIPLES FOR SOUTH AFRICA 2009 (KING CODE)

We remain committed to the principles of King III and are mindful of the changes that King IV will bring about in our organisation. While we are preparing for the integration of the King IV recommendations, during the 2016 year, we continued to apply the King III recommendations as outlined in the King Code of Governance Principles (the King Code) and materially entrenched the majority of these recommendations into the Board's internal controls, policies, terms of reference and overall procedures. A checklist setting out how the Company has applied the principles of King III is available on our website, www.redefine.co.za. To the extent that any of the principles have not been fully applied, reasons have been provided.



Strategy, performance and reporting

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

During 2016, at its strategy and risk workshop, the Board satisfied itself that value creation across the various capitals was integrated into the Company's strategy. In monitoring the implementation of the strategy, the Board ensured that the Company was able to respond to both the risks and opportunities of the Company's activities in the combined context of the economy, society and the environment in which it operates as well as in relation to the capitals it affects.

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



Governing structures and delegation

The Board is accountable to the Company's stakeholders for the provision of value-generating governance. It is constituted in terms of the Company's Memorandum of Incorporation (MOI) and in line with the King Code. The majority of the Board comprises independent non-executive directors who bring diverse perspectives to Board deliberations and constructively challenge management.

THE ROLE OF THE BOARD

The Board takes overall responsibility and accountability for the success and sustainability of the Company in the best interests of all stakeholders. Its role is focused primarily on exercising sound, effective leadership and independent judgement, based on an ethical foundation, when considering the Company's strategic direction and overall performance. The Board is also responsible for ethics and transformation, ensuring an effective governance framework, compliance with regulatory obligations and effective risk management.

THE BOARD CHARTER

The Board charter sets out the roles and responsibilities of the Board and individual directors, including the composition and relevant procedures of the Board. It is aligned with the provisions of relevant statutory and regulatory requirements and is reviewed on an annual basis. The charter regulates the parameters within which the Board operates and ensures the application of the principles of good governance in all its dealings.

INDUCTION AND TRAINING

An induction programme, administered by the company secretary with the support of the nomination committee, is in place to ensure that new directors are adequately briefed and have the requisite knowledge of the Company and its operations. The programme further outlines the director's fiduciary and statutory duties and provides guidance on all legal and governance-related obligations.

Directors receive informative updates and training throughout their tenure which keeps them abreast of economic, regulatory and industry trends. In February 2016, the Board attended formal training facilitated by Java Capital, the Company's sponsor, on the directors' continuing obligations under the Listings Requirements. The session included topics such as price-sensitive information and the communication thereof, directors' dealings, cautionary announcements and trading statements.

BOARD EVALUATION

The nomination committee is responsible for the annual assessment of the Board's performance and the appropriateness and effectiveness of the Board, its committees, individual directors and governance procedures. The assessment process includes an appraisal of the chairman of the Board, committee chairmen, chief executive officer and financial director.

During the year under review, the assessment process was conducted online via an anonymous survey and the results were tabled and discussed at the nomination committee meeting in November 2016. Matters that needed to be addressed in order to improve the Board's performance were reported to the Board and actioned accordingly. Although no significant matters of concern were noted from the assessment, the Board took cognisance of areas in which improvements could be made, e.g. transformation, Board renewal and succession planning.

A comprehensive independent evaluation of the Board will be undertaken in 2017 in line with best practice, to ensure that the Board is in a position to add value to the Company through the alignment of composition and skills to strategy.

LEADERSHIP ROLES AND FUNCTIONS

The Board is led by an executive chairman and therefore, in compliance with regulation 3.84(c) of the Listings Requirements and as recommended by the King Code, a lead independent director (LID) was appointed in 2014. The role of the chairman is distinct and separate from that of the CEO and there is a clear division of responsibilities. While the Board delegates authority to the CEO in accordance with the terms of the Board charter, the separation of responsibilities is designed to ensure that no single person or group has unfettered decision-making powers and that appropriate balances of power and authority exist on the Board.

| LEADERSHIP ROLE | FUNCTION |
|----------------------------------|---|
| EXECUTIVE CHAIRMAN | Responsible for leading the Board and for ensuring the integrity and effectiveness of the Board and its committees. Ensures high standards of corporate governance and ethical behaviour. |
| LEAD INDEPENDENT DIRECTOR | Maintains the effectiveness of the Board by providing leadership and advice when the executive chairman has a conflict of interest, without detracting from or undermining his authority. Provides support to the executive chairman, is available as a trusted intermediary for the other directors as necessary, and chairs a meeting of the non-executive directors at which the performance of the executive chairman is considered. |
| CHIEF EXECUTIVE OFFICER | Responsible for the effective management and running of the Company's business in terms of the strategies and objectives approved by the Board. Chairs the Company's executive committee, leads and motivates the management team and ensures that the Board receives accurate, timely and clear information about the Company's performance. |

APPOINTMENT OF DIRECTORS

The nomination committee recommends the appointment of new directors for approval by the Board. Such appointments are formal and transparent and the selection process is conducted under the guidance of an approved policy which, *inter alia*, ensures that the Board has the right balance of experience, skills and competencies and race and gender profile to be able to lead the Company and its business activities in line with the principles of the King Code and to achieve its governance outcomes over time. Similarly, and in May 2016, the Board approved a gender diversity policy in line with paragraph 3.84(k) of the Listings Requirements.

ROTATION AND ELECTION OF DIRECTORS, TRANSFORMATION AND CHANGES TO THE BOARD

In accordance with the Company's MOI and in terms of the Companies Act, at least one-third of the non-executive directors are subject to retirement by rotation and re-election by shareholders at least once every three years, and those who have reached the age of 70 years or older retire at every annual general meeting and are submitted for re-election if eligible. Similarly, new directors are subject to an election at the first annual general meeting following their appointment.

It is recorded that Mr B Nackan, Mr G Steffens and Mr M Watters are due to retire by rotation as non-executive directors of the Company at the annual general meeting on 9 February 2017. To allow for, *inter alia*, additional transformation at Board level, Mr G Steffens and Mr M Watters have decided not to make themselves available for re-election, and the vacancy created by their retirement will be filled by the election of Ms B Mathews as an independent non-executive director of the Board.

In addition, and taking into consideration the King Code's recommendation of ensuring that the Board comprises a majority of non-executive directors, the majority of whom should be independent, Mr D Rice and Mr M Ruttell will withdraw as executive directors of the Company with effect from 9 February 2017. It is noted that both directors will remain standing invitees to Board meetings, and will retain their positions as key members of the senior executive team.

The Board believes that these changes will address its composition with the overarching aim of enhancing its overall effectiveness, while giving due attention to diversity considerations appropriate to achieving this aim. The Board of directors welcomes Ms B Mathews to Redefine and thanks the outgoing directors in advance for their invaluable contributions to the Company over the years and wishes them well in their future endeavours.

BOARD COMPOSITION

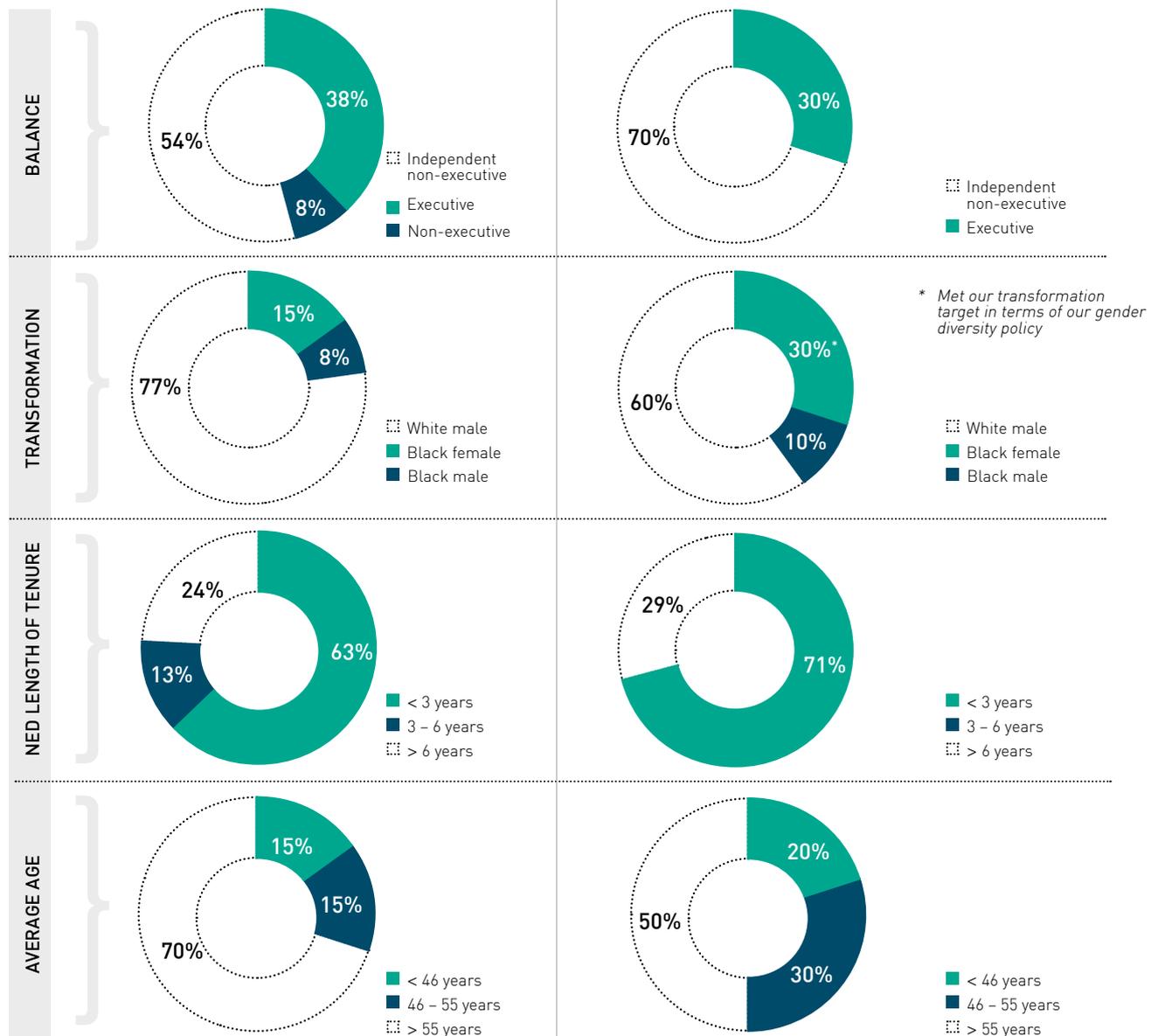
The Company has a unitary Board structure consisting of executive and non-executive directors (NED). Post the amendments referred to above, the Board will consist of 10 directors, seven of whom will be considered to be independent. One of the 10 directors is a representative of a significant shareholder of the Company and three are members of executive management.

The amendments to be made to the composition of the Board have provided an opportunity to refresh the composition of the committees and as of 9 February 2017, three of our Board committees will be chaired by black, female, independent non-executive directors.

Brief curricula vitae of all directors outlining their skills and qualifications can be found on pages 36 to 39 of the [AGM](#).

COMPOSITION PRE-CHANGE

COMPOSITION POST-CHANGE



INDEPENDENCE

The executive element of the Board is balanced by a strong independent group of non-executive directors in order to promote the protection of shareholders' interests and reduce the possibility of conflicts of interest. In addition, the Board's independence from the daily executive management team is ensured by adhering to a number of key principles, including:

- The majority of the directors are non-executive, with the majority of non-executive directors being classified as independent in terms of the Companies Act and as defined by the King Code;
- The audit and risk, remuneration and nomination committees each consist of three independent non-executive directors;
- The social, ethics and transformation committee consists of two independent non-executive directors and two executive directors;
- Non-executive directors do not hold service contracts with the Company and their remuneration is not linked to the Company's financial performance; and
- All directors have access to the advice and services of the company secretary and are entitled to seek independent, professional advice, at the cost of the Company, for the proper execution of their duties and responsibilities. No director obtained independent professional advice on the affairs of the Company during the 2016 financial year.

All directors are expected to apply an independent and objective mindset in performing their governance roles and responsibilities so that they are always able to lead, act and take decisions in the best interests of the Company.

Mr H Mehta independence review

In maintaining good corporate governance practices, the Company engaged an independent service provider to evaluate the independence of non-executive director, Mr H Mehta. The service provider facilitated the gathering of views and opinions of Board members against the principles of the Company's own independence and related governance policies and procedures, the King Code's principles relating to Boards and directors, the Companies Act and relevant public perceptions. Furthermore, they assessed regulatory aspects, the quantitative indicators as set out in the King Code and the qualitative, behavioural indicators of independence.

On consideration of all the findings, including those of the service provider, the nomination committee found Mr H Mehta to be independent and recommended same to the Board for approval. This approval was obtained in February 2016.

THE BOARD

| Meeting schedule | Roles and responsibilities |
|---|---|
| <p>The Board meets at least four times a year and additional meetings are arranged as and when circumstances dictate. Each meeting is conducted in accordance with a formal and structured agenda and Board papers are circulated timeously to ensure that directors are well informed and that debate and decisions are constructive and robust.</p> | <p>The Board charter outlines the mandate of the Board and its directors. The Board is ultimately responsible for, <i>inter alia</i>:</p> |
| <p>During 2016, the Board met on five occasions, one of which was a strategy and risk workshop.</p> | <ul style="list-style-type: none"> → Full and effective control of the Company → Review and approval of the objectives and strategic direction of the Company |
| <p>How the Board spent its time</p> | <ul style="list-style-type: none"> → Oversight of the Company's operations including the integrity of financial performance, controls and compliance |
| <p>Financial performance</p> | <p>25%</p> <ul style="list-style-type: none"> → Consideration of material acquisitions and disposals and major capital expenditure |
| <p>Operational performance</p> | <p>25%</p> <ul style="list-style-type: none"> → Oversight and review of risk and reward structures |
| <p>Strategy formulation and monitoring</p> | <p>20%</p> <ul style="list-style-type: none"> → Setting the Company's values, governance and ethical standards |
| <p>Governance and risk management</p> | <p>20%</p> <ul style="list-style-type: none"> → Stakeholder engagement and communications |
| <p>Other</p> | <p>10%</p> <ul style="list-style-type: none"> → Approval and oversight of the implementation of key Company policies |

During the year, the Board focused on:

| | | |
|---|--|---|
| <p>INFORMING AND APPROVING the Company's strategy for the forthcoming financial year</p> | <p>ENSURING that the Company played its role as a responsible corporate citizen</p> | <p>ENHANCING governance structures, frameworks, policies, processes and procedures in line with best practice and regulation</p> |
| <p>ENSURING the implementation of appropriate remuneration policies and practices</p> | <p>OVERSEEING key performance and risk areas and ensuring effective governance, risk and capital management processes</p> | <p>APPROVING the annual and interim financial statements and assessed the Company as a going concern</p> |
| <p>PROVIDING effective and ethical leadership</p> | <p>OVERSEEING performance against targets and objectives</p> | <p>ENSURING balanced and understandable communication with stakeholders</p> |

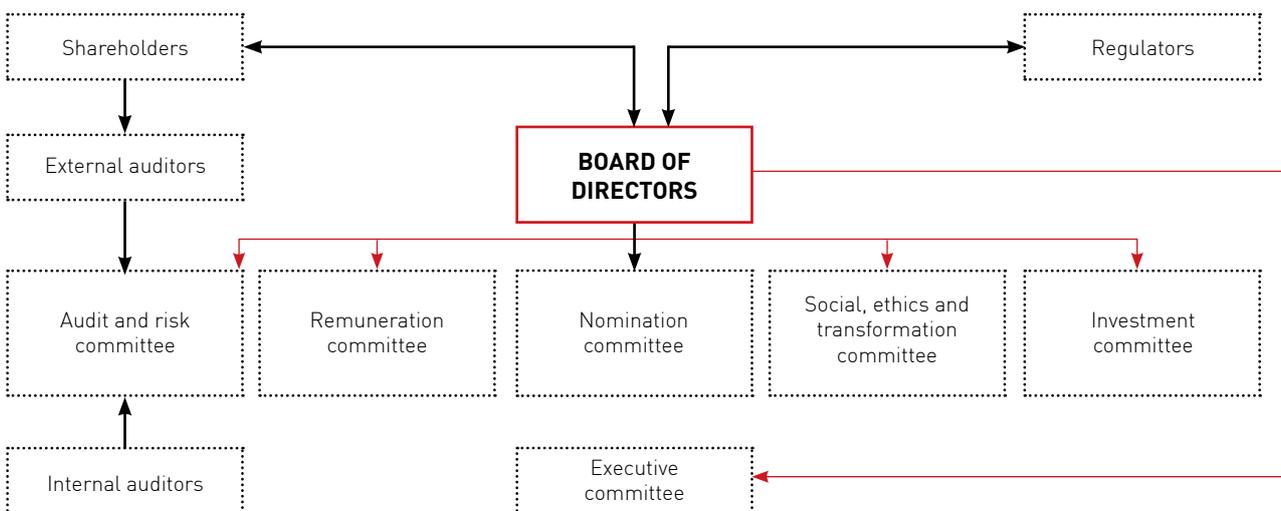
BOARD MEETINGS AND ATTENDANCE

| Director | Appointment date | Designation |
|-----------------------------|------------------|------------------------------------|
| M Wainer | 1999 | Executive chairman |
| B Nackan | 2009 | Lead independent director |
| A König | 2011 | Chief executive officer |
| L Kok | 2014 | Financial director |
| D Rice | 2009 | Chief operating officer |
| M Ruttell | 2013 | Executive director: development |
| M Barkhuysen [^] | 2015 | Independent non-executive director |
| N Langa-Royds ^{**} | 2015 | Independent non-executive director |
| P Langeni | 2015 | Independent non-executive director |
| H Mehta | 2009 | Independent non-executive director |
| D Nathan | 2014 | Independent non-executive director |
| G Steffens | 2013 | Independent non-executive director |
| M Watters | 2014 | Non-executive director |

[^] Appointed to the Board on 4 November 2015

^{**} Appointed to the Board on 4 November 2015 and the social, ethics and transformation committee on 1 May 2016

GOVERNANCE FRAMEWORK AND DELEGATION OF AUTHORITY



| Board (including strategy and risk workshop) | Audit and risk (including IT workshop and two ad hoc meetings) | Remuneration (including one ad hoc meeting) | Nomination | Social, ethics and transformation |
|--|---|---|------------|--------------------------------------|
| 5/5 | | | | |
| 5/5 | 7/7 | 5/5 | 4/4 | |
| 5/5 | | | | |
| 5/5 | | | | 4/4 |
| 5/5 | | | | |
| 5/5 | | | | 4/4 |
| 4/4 | | | | |
| 3/4 | | | | 2/2 |
| 5/5 | | | | |
| 5/5 | | 5/5 | 4/4 | |
| 5/5 | 7/7 | | | 4/4 |
| 5/5 | 6/7 | 5/5 | 4/4 | |
| 5/5 | | | | |

The Company's governance structure provides for delegation of authority while enabling the Board to retain effective control. The Board delegates authority with clearly defined mandates to established Board committees as well as to the CEO.

The Board has delegated authority to the CEO to manage, direct, control and co-ordinate the day-to-day business activities and affairs of the Company, subject to statutory limits and other limitations set out in the delegation of authority framework. The Company's executive committee assists the CEO with the general executive control of the Company.

The committee is chaired by the CEO and comprises the financial director, chief operating officer and the executive director of development. Executive committee members are appointed by the CEO after consultation with the Board of directors.

The committee develops the Company's strategy for consideration and approval by the Board, monitors and reports on its execution and agrees on strategic matters with the Board. It assists the CEO in exercising general executive control of the business of the Company and in the development of long-term direction and targets. It acts as a medium of communication and co-ordination between business units, the Board, shareholders, regulators and other key stakeholders.

BOARD COMMITTEES

The roles, responsibilities and composition of the Board committees are described below. The responsibilities delegated to these committees are formally documented in the terms of reference for each committee, which have been approved by the Board and are reviewed on an annual basis. After each committee meeting, the committee chairmen report back to the Board, which facilitates transparent communication between directors and ensures that all aspects of the Board's mandate are addressed. The Board is satisfied that the committees are competent to deal with the Company's current and emerging risks and opportunities and that they have effectively discharged their duties during the year under review.

The amendments to be made to the composition of the Board with effect from 9 February 2017 have also created the opportunity to refresh the composition of the various committees. These amendments are fully described below.

AUDIT AND RISK COMMITTEE

| Meeting schedule | Composition | |
|---|--|-------------------------|
| During the 2016 financial year, the committee met on seven occasions, including an information technology workshop and two ad hoc committee meetings in relation to the external audit tender. | Members throughout the year | Appointment date |
| Meetings are planned in line with the Company's financial reporting cycle. | D Nathan (chairman) | 17 March 2014 |
| | B Nackan | 28 October 2009 |
| | G Steffens | 31 July 2014 |
| How the committee spent its time | Other regular attendees | |
| <p> Financial reporting ■ Risk management and internal control ■ Internal audit matters ■ External audit matters ■ Corporate governance and other </p> | Executive chairman | Chief executive officer |
| | Financial director | Chief operating officer |
| | Head of finance | Head of internal audit |
| | External auditors | |
| | | |
| | COMMITTEE FOCUS FOR 2017 | |
| | While the committee will continue to operate within its terms of reference and ensure that the meetings address all regular matters reserved for its consideration, the following additional key activities are expected to require the committee's attention during 2017: | |
| | → Combined assurance → IT governance and business continuity → Risk and opportunity management | |

During the year under review, all members of the audit and risk committee were independent non-executive directors. The chairman and members of the committee were elected by the Board, subject to shareholder approval which was obtained at the Company's annual general meeting in February 2016. All members were suitably qualified and had the necessary expertise required to discharge their responsibilities.

Mr G Steffens will retire from the committee with effect from 9 February 2017 and will be replaced by Ms P Langeni, a suitably qualified independent non-executive director of the Board. Subject to shareholder approval, Ms P Langeni will assume the role of committee chair going forward.

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

The committee acts for the Company and all of its subsidiaries (the Group) and is an independent entity accountable to the Board. It operates within a documented mandate and complies with all relevant legislation, regulation and governance codes and executes its duties in terms of the requirements of the King Code.

Committee activities

The principal matters attended to by the committee during the year included:

External audit

- Oversaw the transition to the new external auditor following completion of the 2015 audit. The committee monitored the change and has been pleased with management's feedback on the transition to the new auditors and with the reporting to, and interface with, the committee by KPMG and the new audit partner
- Reviewed of effectiveness, independence and objectivity the external auditors
- Approved, in consultation with, management, the audit fee and engagement terms for the external auditors for the 2016 financial year
- Reviewed and approved the non-audit services fees and ensured that the fees were within limits and in line with the non-audit services policy
- Determined the nature and extent of allowable non-audit services and approved the contract terms for the provision of non-audit services
- Reviewed and approved the external audit plan
- Reviewed the external audit reports and management's response thereto and considered their effect on the financial statements and internal financial controls

The committee confirmed that the external auditor had functioned in accordance with its terms of reference for the 2016 financial year and on 1 November 2016, resolved that, pursuant to sections 90(2)(c), 94(7)(a) and 94(8) of the Companies Act, it supported the appointment of the audit firm, KPMG, and the audit partner, Mr GS Kolbé, as the Company's independent external auditor for the financial year ending 31 August 2017, and that it had satisfied itself that both the audit firm and audit partner were independent of the Company.

The reappointment of KPMG was approved by the Board and will be put to shareholders for approval at the annual general meeting in February 2017.

Financial statements

The committee reviewed the interim results and year-end annual financial statements, including the public announcements of the Group's financial results, and made recommendations to the Board for its approval. In the course of its review, the committee:

- Took steps to ensure that the financial statements were prepared in accordance with IFRS
- Considered the JSE's letter regarding the proactive monitoring process and took appropriate action in relation thereto
- Considered the appropriateness of accounting policies and disclosures made
- Completed a detailed review of the going-concern assumption, confirming that it was appropriate in the preparation of the financial statements

The committee was not required to deal with any complaints relating to accounting practices or internal audit, nor to the content or audit of the financial statements, nor internal financial controls and related matters. The Board's approval of the annual financial statements was obtained and is included on page 6 of the [AFS](#), which are available on the Company's website www.redefine.co.za.

Integrated report

The committee fulfilled an oversight role regarding the Company's integrated report and the reporting process. Accordingly, it:

- Considered the integrated report and assessed the consistency of operational, financial and other information known to the committee with the annual financial statements
- Assisted the Board and the social, ethics and transformation committee in approving disclosure of sustainability issues in the integrated report by ensuring the information is reliable and does not conflict with the financial results
- Recommended the integrated report for the year ended 31 August 2016 for approval by the Board

The Board's approval for the 2016 integrated report was obtained and is included on page 3 of the [IR](#).

Internal audit

- Reviewed and approved the existing internal audit charter, which ensures that the internal audit function is independent and has the necessary resources, standing and authority within the Company to enable it to discharge its duties
- Satisfied itself of the credibility, independence and objectivity of the internal audit function
- Ensured that internal audit had direct access to the chairman of the committee
- Reviewed and approved the annual internal audit plan, ensuring that material risk areas were included and that the coverage of significant business processes was acceptable
- Reviewed the quarterly internal audit reports, covering the effectiveness of internal controls, material fraud incidents and material non-compliance with the Company's policies and procedures
- Considered and reviewed with management and internal audit, any significant findings and management responses thereto in relation to reliable financial reporting, corporate governance and effective internal controls to ensure appropriate action was taken

The internal audit function provided a written assessment of the Company's system of internal controls and confirmed that, based on the results of work undertaken, these were adequate and effective.

In line with the Institute of internal Auditors' Standards, an external quality assessment review of internal audit activity was conducted during the year. The review confirmed that the activity of the internal audit function conformed to the relevant standards and was effective in providing assurance to the Company's Board of directors, senior executives and other interested parties.

Pursuant to the above, the committee concluded that the head of internal audit provides appropriate leadership of the internal audit function, which remains effective in carrying out its mandate.

Internal financial control and compliance

- Reviewed quarterly funding reports prepared by management
- Reviewed the quarterly legal and regulatory reports setting out the latest legislative and regulatory developments impacting on the Group
- Fulfilled an oversight function with regard to tax governance and compliance
- Monitored compliance with BBBEE requirements
- Considered, and where appropriate, made recommendations on internal financial controls

The committee considered the comments in the audit reports issued by the head of internal audit on the audits conducted, together with other information available from management and the year-end external audit report, and determined that there were no material weaknesses in internal control and risk management. On this basis, the committee made a recommendation to the Board on the effectiveness of the system of internal controls for inclusion in the directors' responsibility statement.

Risk management and combined assurance

- Reviewed and approved the enterprise risk management policy and framework, the risk management plan and most significant risks
- Monitored fraud risk management, including the whistle-blower facility
- Monitored compliance with the risk management policy
- Reviewed the risk disclosures, including key sustainability risks, to shareholders to be included in the integrated report and advised the Board on their appropriateness
- Approved the combined assurance framework
- Monitored the relationship between internal audit and external audit, as well as other assurance providers, in order to optimise the areas of reliance and enhance value delivery to all stakeholders

The committee is reasonably satisfied that adequate compensating controls are in place in order to mitigate identified significant risks and that the Company complied in all material respects with the risk management policy during the year.

IT governance

- Oversaw the implementation and review of all relevant IT governance mandates, policies, processes and control frameworks
- Monitored and ensured compliance with all IT standards adopted by the Company
- Ensured that the IT strategy supports the business goals and objectives as well as the sustainability objectives of the Company

During the year, the committee requested and attended a detailed workshop on the Company's IT risk management and governance processes and how these are managed, with a particular focus on cybersecurity. The Group's IT risk management framework was explained, with comfort obtained that it was holistic and robust. The committee reviewed the IT risk register, confirming that all aspects had been covered – security, compliance and availability. The committee was encouraged by the level of focus being given to IT governance within the Company and concluded that the Company's IT risk management was effective. Management ensured that it was subject to continuous monitoring and improvement.

REMUNERATION COMMITTEE

| Meeting schedule | Composition | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|--|------------------------------------|-----|--|-----|---------------------------------|-----|----------------------|-----|-----------------------------------|-----|-----------------------------|-----|------------------------|-----|---|--|--------------------|-------------------------|--------------------|-------------------------|-------------------------|----------------------------------|
| <p>During the 2016 financial year, the committee met on five occasions, including an ad hoc committee meeting in relation to the broad-based share incentive and restricted share schemes.</p> | <p>Members throughout the year</p> <p>G Steffens (chairman)</p> <p>H Mehta</p> <p>B Nackan</p> | <p>Appointment date</p> <p>31 July 2014</p> <p>17 July 2013</p> <p>12 November 2009</p> | | | | | | | | | | | | | | | | | | | | | | |
| <p>How the committee spent its time (%)</p> <table border="1"> <caption>Data for How the committee spent its time (%)</caption> <thead> <tr> <th>Topic</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Remuneration strategy and policies</td> <td>20%</td> </tr> <tr> <td>Benchmarking methodology and remuneration trends</td> <td>20%</td> </tr> <tr> <td>Incentive and retention schemes</td> <td>10%</td> </tr> <tr> <td>Corporate governance</td> <td>20%</td> </tr> <tr> <td>Executive directors' remuneration</td> <td>10%</td> </tr> <tr> <td>Employee benefits and other</td> <td>10%</td> </tr> <tr> <td>Stakeholder engagement</td> <td>10%</td> </tr> </tbody> </table> | Topic | Percentage | Remuneration strategy and policies | 20% | Benchmarking methodology and remuneration trends | 20% | Incentive and retention schemes | 10% | Corporate governance | 20% | Executive directors' remuneration | 10% | Employee benefits and other | 10% | Stakeholder engagement | 10% | <p>Other regular attendees</p> <table border="0"> <tr> <td>Executive chairman</td> <td>Chief executive officer</td> </tr> <tr> <td>Financial director</td> <td>Chief operating officer</td> </tr> <tr> <td>Head of human resources</td> <td>Independent remuneration advisor</td> </tr> </table> <p>COMMITTEE FOCUS FOR 2017</p> <p>While the committee will continue to operate within its terms of reference and ensure that the meetings address all regular matters reserved for its consideration, the following additional key activities are expected to require the committee's attention during 2017:</p> <ul style="list-style-type: none"> → Oversight of stakeholder relations → Disclosure → Fair, responsible and transparent remuneration | | Executive chairman | Chief executive officer | Financial director | Chief operating officer | Head of human resources | Independent remuneration advisor |
| Topic | Percentage | | | | | | | | | | | | | | | | | | | | | | | |
| Remuneration strategy and policies | 20% | | | | | | | | | | | | | | | | | | | | | | | |
| Benchmarking methodology and remuneration trends | 20% | | | | | | | | | | | | | | | | | | | | | | | |
| Incentive and retention schemes | 10% | | | | | | | | | | | | | | | | | | | | | | | |
| Corporate governance | 20% | | | | | | | | | | | | | | | | | | | | | | | |
| Executive directors' remuneration | 10% | | | | | | | | | | | | | | | | | | | | | | | |
| Employee benefits and other | 10% | | | | | | | | | | | | | | | | | | | | | | | |
| Stakeholder engagement | 10% | | | | | | | | | | | | | | | | | | | | | | | |
| Executive chairman | Chief executive officer | | | | | | | | | | | | | | | | | | | | | | | |
| Financial director | Chief operating officer | | | | | | | | | | | | | | | | | | | | | | | |
| Head of human resources | Independent remuneration advisor | | | | | | | | | | | | | | | | | | | | | | | |

During the year under review, all members of the remuneration committee were independent non-executive directors. The chairman and members of the committee were elected by the Board and all members were suitably qualified and had the necessary expertise required to discharge their responsibilities.

Mr G Steffens will retire from the committee with effect from 9 February 2017 and will be replaced by Ms B Mathews, a suitably qualified independent non-executive director of the Board. Ms B Mathews will chair the committee going forward.

The remuneration committee's full report detailing, *inter alia*, director's remuneration and the Company's remuneration policies and practices is set out on pages 40 to 57 of the [AGM](#).

NOMINATION COMMITTEE

| Meeting schedule | Composition | | | | | | | | | |
|---|--|-------------------------|--------------------|-------------------------|--------------------|-------------------------|-------------------------|--|------------------------------|--|
| During the 2016 financial year, the committee met on four occasions. | Members throughout the year | Appointment date | | | | | | | | |
| | B Nackan (chairman) | 12 November 2009 | | | | | | | | |
| | H Mehta | 17 July 2013 | | | | | | | | |
| | G Steffens | 31 July 2014 | | | | | | | | |
| How the committee spent its time | Other regular attendees | | | | | | | | | |
| <p> ■ Board and committee composition ■ Succession planning and renewal ■ Board evaluation ■ Corporate governance ■ Other </p> | <table border="0"> <tr> <td>Executive chairman</td> <td>Chief executive officer</td> </tr> <tr> <td>Financial director</td> <td>Chief operating officer</td> </tr> <tr> <td>Head of human resources</td> <td></td> </tr> <tr> <td>Independent external advisor</td> <td></td> </tr> </table> | | Executive chairman | Chief executive officer | Financial director | Chief operating officer | Head of human resources | | Independent external advisor | |
| Executive chairman | Chief executive officer | | | | | | | | | |
| Financial director | Chief operating officer | | | | | | | | | |
| Head of human resources | | | | | | | | | | |
| Independent external advisor | | | | | | | | | | |
| | COMMITTEE FOCUS FOR 2017 | | | | | | | | | |
| | While the committee will continue to operate within its terms of reference and ensure that the meetings address all regular matters reserved for its consideration, the following additional key activities are expected to require the committee's attention during 2017: | | | | | | | | | |
| | <ul style="list-style-type: none"> → Independent external Board evaluation process → Succession planning → Training and development | | | | | | | | | |

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

Mr G Steffens will retire from the committee with effect from 9 February 2017 and will be replaced by Ms B Mathews, a suitably qualified independent non-executive director of the Board.

The committee operates in terms of the Company's director appointment policy which guides the formal, transparent, fair and consistent conduct of the nomination and election process of members to the Board. The committee is similarly governed by its terms of reference which further outline its mandate with regard to its role in assisting the Board and ensuring that the Board has the appropriate composition to execute its duties effectively.

The committee operates within this documented mandate and complies with all relevant legislation, regulation and governance codes and executes its duties in terms of the requirements of the King Code, the Companies Act and the Listings Requirements.

PwC continues to act as a standing advisor to the committee with regard to the recruitment and appointment of executive staff and directors, as well as with regard to market practices in relation to Board composition and appointments.

Committee activities

The committee attended to, *inter alia*, the following principal matters during the year under review:

Board and committee composition

- Reviewed and evaluated the structure, size and composition of the Board and considered what may be required to meet the Company's business and strategic needs going forward. The committee concluded that there was a need for additional transformation at Board level and made recommendations to the Board with regard to the appointment of a new independent director, Ms B Mathews, in line with both these findings and the Company's policy on gender diversity
- Conducted formal and transparent selection processes in line with the Company's director appointment policy and accordingly identified and nominated the aforementioned candidate to fill the director's role
- Reviewed the composition of each of the committees, as well as the roles and responsibilities of the committee chairs and recommended changes to the Board, recommended the appointment of the new director and the resignation/retirement of other directors (as previously discussed), which provided an opportunity to refresh committee memberships
- Reviewed the independence of each non-executive director, including consideration of their term in office and any potential conflicts of interest, in particular the independence of Mr H Mehta. It was concluded that all non-executive directors are considered to be independent
- Reviewed the time commitment required from each non-executive director, taking into account the number of meetings, preparation for and attendance at those meetings and other commitments held. It was concluded that all non-executive directors continued to devote an appropriate amount of time to address their responsibilities to the Company

Succession planning

- Considered succession planning and management development, taking into account the current challenges and opportunities facing the Company as well as the skills and expertise required by the Company going forward

Board evaluation

- Oversaw the annual performance evaluation process which was conducted online via an anonymous and confidential survey and tabled and discussed the results thereof. Matters that needed to be addressed in order to improve the Board's performance were reported to the Board and actioned accordingly
- The committee was satisfied with the leadership skills, experience and expertise of the executive chairman, as well as his unique contribution to the Company and to the promotion of its corporate culture

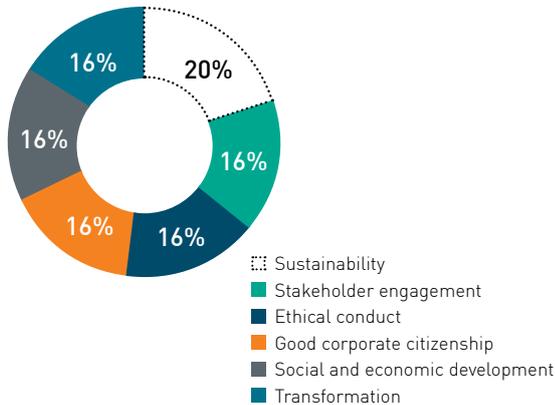
Corporate governance matters

- Approved a gender diversity policy in line with paragraph 3.84(k) of the Listings Requirements and monitored progress made against the voluntary targets included therein. It is recorded that post the amendments to be made to the Board, the Company will have achieved its gender diversity target of 25%.
- Reviewed whether it remained appropriate for each director to stand for re-election at the annual general meetings and made recommendations to the Board in relation thereto

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

| Meeting schedule | Composition | |
|--|-----------------------------|------------------|
| During the 2016 financial year, the committee met on four occasions. | Members throughout the year | Appointment date |
| | D Nathan (chairman) | 1 August 2011 |
| | L Kok | 1 October 2014 |
| | N Langa-Royds | 1 May 2016 |
| | M Ruttell | 1 October 2014 |

How the committee spent its time



Other regular attendees

Head of human resources
Head of marketing and communications
Retail asset manager
Head of utilities

COMMITTEE FOCUS FOR 2017

While the committee will continue to operate within its terms of reference and ensure that the meetings address all regular matters reserved for its consideration, the following additional key activities are expected to require the committee's attention during 2017:

- BBBEE and transformation
- Ethical conduct
- Stakeholder engagement

The committee is constituted as a statutory committee of the Company in respect of its statutory duties in terms of section 72(4) and (5) of the Companies Act and its associated regulations. The committee, despite being a statutory committee, is constituted by the Board and fulfils the required functions on behalf of the Company and all of its subsidiaries.

Mr M Ruttell will retire from the committee with effect from 9 February 2017. Ms N Langa-Royds will assume the role of committee chair going forward.

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

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

The committee operates within a documented mandate and complies with all relevant legislation, regulation and governance codes and executes its duties in terms of the requirements of the King Code.

Committee activities

The principal matters attended to by the committee during the year include:

Transformation

- Developed and maintained appropriate policies and provided guidance with regard to transformation initiatives within the Group for approval by the Board, including the gender diversity policy in line with paragraph 3.84(k) of the Listings Requirements
- Monitored the implementation of transformation policies, practices and procedures to ensure compliance with current and evolving legislation and related regulations in South Africa, with particular reference to the Broad-Based Black Economic Empowerment Act, No 53 of 2003 and the Employment Equity Act, and reported thereon to the Board
- Ensured that the Company met the requirements set out in the legislation referred to above and that any related issues were timeously addressed

Social and economic development

The committee monitored the social and economic development of the Company including the Company's standing in terms of the goals and principles set out in the United Nations Global Compact Principles and the Organisation for Economic Co-Operation and Development recommendations regarding corruption.

Ethical conduct

- Reviewed and approved the Company's Code of Business Conduct and all policies and proposals in relation thereto
- Oversaw the implementation of the ethics survey used to assess the Company's ethical status and ethics in relation to both internal and external stakeholders

Good corporate citizenship

- Monitored the promotion of equality, prevention of unfair discrimination and reduction of corruption
- Considered the Company's contribution to the development of the communities in which its activities are predominantly conducted
- Considered sponsorship, donations and charitable giving

Sustainability

- Considered the environment, health and public safety, including the impact of the Company's activities thereon
- Considered the Company's standing in terms of the International Labour Organisation Protocol on decent work and working conditions
- Monitored employment relationships and the Company's contribution towards the educational development of its employees
- Reviewed workplace health and safety issues in accordance with the Health and Safety Act, No 85 of 1993
- Considered the top sustainability issues as determined by management and recommended the approval of same to the Board

Stakeholder engagement

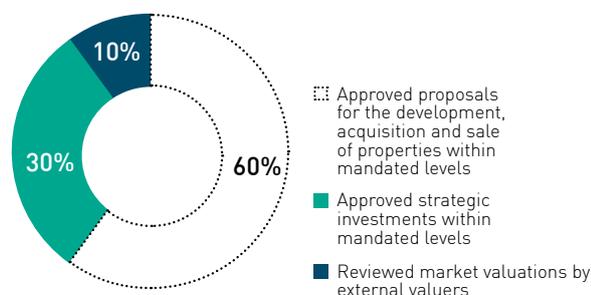
- Monitored the Company's activities regarding consumer relationships, including advertising, public relations and compliance with consumer protection laws
- Considered stakeholder management in terms of Chapter 8 of the King Code which addresses the concept of a stakeholder-inclusive approach to corporate governance and recognises effective stakeholder engagement as essential to good corporate governance

The committee is satisfied with the Company's progress in the areas mentioned above. Economic and social sustainability is of significant importance to the Company in terms of its obligations to all stakeholders. Accordingly, a detailed social, ethics and sustainability report has been created to report on these areas in more detail. This report can be found on the Company's website at www.redefine.co.za.

INVESTMENT COMMITTEE

| Meeting schedule | Composition | Other regular attendees |
|--|---|------------------------------------|
| During the 2016 financial year, the committee met on four occasions. | Members throughout the year B Nackan (chairman) A König D Rice M Wainer | Head of acquisitions and disposals |

How the committee spent its time



The investment committee comprises a mixture of executive and non-executive directors and meets as and when necessary to consider investment opportunities in respect of both properties and listed securities, in line with the Company's investment strategy and targets.

COMPANY SECRETARY

Ms B Baker is the appointed company secretary. Her primary role is to ensure that the Board is cognisant and aware of its fiduciary duties and responsibilities. The company secretary plays a key role in keeping the Board aware of relevant changes in legislation and governance best practice. Other key performance areas include overseeing the induction of new directors as well as the ongoing training of directors.

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

SPONSOR

The Company fully understands the roles and responsibilities of the sponsor as stipulated in the Listings Requirements and has cultivated a good working relationship with its sponsor, Java Capital. The Company is satisfied that the sponsor has executed its mandate with due care and diligence for the year under review.



Stakeholder relationships

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

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

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

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



Governance functional areas

RISK GOVERNANCE

For the Board, the governance of risk involves achieving an appropriate balance between realising strategic opportunities for value creation while minimising adverse impacts. Oversight of the Company's processes for identifying and mitigating risk is clearly linked to the Company's strategy and therefore enables the Board and management to appreciate what opportunities are present in the areas of uncertainty that the Company faces, and what effect they might have for further development or implementation of the strategy.

Risk is managed in a proactive and effective manner with the purpose of remaining a competitive and sustainable business, enhancing its operational effectiveness and continuing to create value for the benefit of employees, shareholders and other stakeholders in pursuance of the Company's strategy and goals.

While the Board has delegated responsibility for enterprise risk management to the audit and risk committee, it retains ultimate accountability for the governance of risk. The committee ensures that the significant risks facing the Company are adequately addressed and provides the Board with relevant and timeous feedback based on the combined assurance reports received from both internal and external service providers. As a result, the Board has satisfied itself that the Company's risk assessments, responses and interventions are effective.

Further information on the Company's risk management processes and top-of-mind risks on page 18 in the [IR](#).

TECHNOLOGY AND INFORMATION GOVERNANCE

Through the audit and risk committee, the Board governs technology and information in a manner which supports the organisation in setting and achieving its strategic objectives. The committee has delegated authority for the oversight of IT governance and, as such, oversees the implementation and review of all relevant IT governance mandates, policies, processes and control frameworks while ensuring compliance with all the standards adopted by the Company.

In order to assist the committee in the discharge of its duties in respect of IT governance, the committee mandated the Company's IT steering committee with the executive oversight of IT governance. The steering committee ensures that the IT strategy supports the business goals and objectives as well as the sustainability objectives of the Company. The steering committee is responsible for the implementation of, and measurement against, the IT governance framework and related initiatives in conjunction with the other existing oversight bodies.

Internal audits are performed periodically by experienced and independent personnel, with further audits performed by qualified external auditors. The Company's ICT structure is periodically audited against the international standards of control objectives for information and related technology.

Based on reports received from the committee, the Board has satisfied itself that an appropriate information technology governance framework exists and is functioning effectively.

REMUNERATION

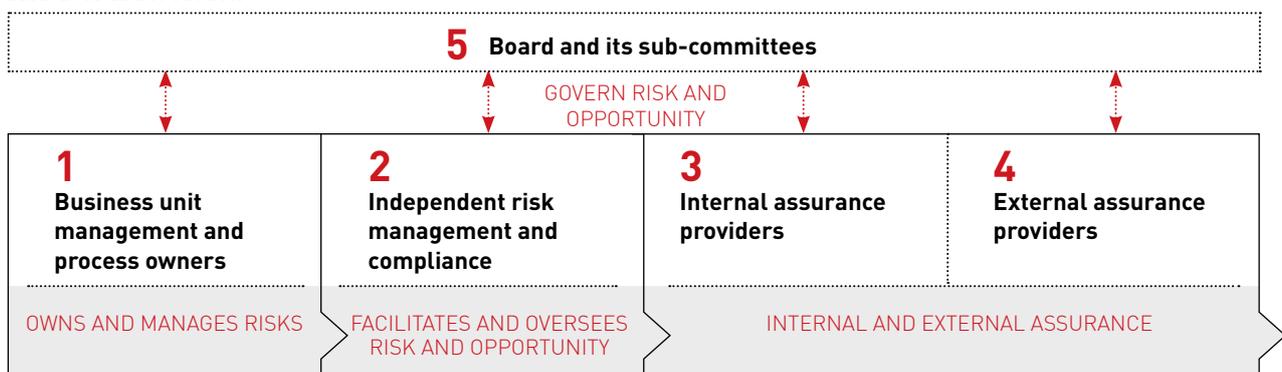
The Board aims to link the governance of remuneration with the achievement of strategic objectives and positive outcomes across the combined context of the economy, society and environment in which the Company operates. It believes that remuneration must be fair, reasonable and transparent. During the year under review, the mandated remuneration committee has devoted additional effort to initiate effective shareholder dialogue on remuneration and has paid close attention to the design, implementation and disclosure of remuneration policies and practices, particularly as they relate to the members of the Board and executive management.

The Company's remuneration report can be found on pages 40 to 57 of the [AGM](#).

COMBINED ASSURANCE

The Board accepts responsibility for the oversight of the Company's internal arrangements that enable an effective internal control environment and support the integrity of information used for internal decision-making and in external reporting. Regular communication between internal audit and external audit, as well as other assurance providers, serve to optimise the areas of reliance and enhance value delivery to all stakeholders.

During 2016, the audit and risk committee approved the combined assurance framework and plan which will maximise risk and governance oversight and control efficiencies and further enhance the basis of implementing combined assurance principles going forward. The framework is aligned to the Company's enterprise risk management programme and the model spans the five lines of assurance as set out below:



As the process matures, combined assurance will continue to evolve and further enhance alignment from an enterprise risk management perspective.

REDEFINE PROPERTIES LIMITED

Incorporated in the Republic of South Africa
Registration Number 1999/018591/06
JSE Share Code RDF ISIN: ZAE000190252
Approved as a REIT by the JSE

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Independent auditors

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Company secretary

B Baker
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Email bronwynb@redefine.co.za

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Corporate advisor and sponsor

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Investor relations

Should you wish to be placed on the mailing list to receive regular 'breaking news' email updates, please send an email to investorenquiries@redefine.co.za

www.redefine.co.za



We're not landlords. We're people.