

Redefine's integrated report journey



2011

- 2011 - First integrated report
- 2012 - Improved integration
- 2013 - Began reporting per capital
- 2014 - Embedded reporting on capitals
- 2015 - Unpacked business model in terms of outcomes and outputs
- 2016 - Enhanced use of graphics, strategy refreshed, introduced clear outline of value creation story



Entrenched integrated thinking



Today, sustainability and the idea of interconnected capitals form part of every element of our business

2017

Integrated reporting learnings

- It is a challenge for everyone
- Focus on building a solid base
- Establish a value creation story outline
- Engage with and listen to your stakeholders
- Every year is an opportunity to enhance your reporting
- Leadership buy-in is critical

Benefits of integrated reporting

- The process of reporting offers an opportunity to reflect
- Honest reflection, enhances integrated thinking
- Internal reporting improved and better alignment to strategy
- Internal conversations help unpack what value is and how we achieve it
- This informs both our
 - High-level strategy
 - Day-to-day activities

Main challenges

Then:

- Moving away from compliance reporting to value creation narrative
- Beginning the process of embedding integrated thinking into everyday business processes

Now:

- Integrated thinking remains a challenge
- Identifying and measuring outcomes
- Staying relevant and keeping in line with best practice

Measuring the outcomes

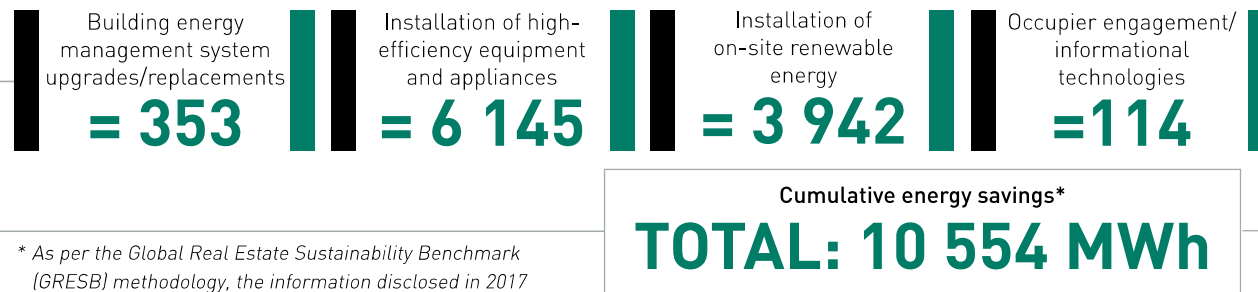
- Report transparently on the good and the bad
- Certain outcomes easier to measure
- Gaining a clear understanding of our broader outcomes in terms of the capitals is a work in progress
- We are constantly striving to gain a clearer understanding of our impacts – positive and negative, which in turn improves strategy setting and implementation

What you measure, you manage

Reducing our impacts and capitalising on opportunity

Optimising efficiency

During the year, we implemented a number of optimisation projects, resulting in annual savings of **2 971 000 kWh**. Our estimated energy savings over the past four years, according to GRESB categories, can be summarised as follows (in MWh):



* As per the Global Real Estate Sustainability Benchmark (GRESB) methodology, the information disclosed in 2017 is based on 2016 data.

In 2017, we have achieved a **combined energy reduction** through optimisation and renewable energy projects of

10 330 333 kWh

Benchmarking gives context

SUCCESS MEASUREMENT

Survey category

	Redefine score	Benchmark score
- Engagement capital	= 77	= 61
- High overall level of commitment, discretionary effort, and intent to stay		

Top engagement strengths

	Redefine score	Benchmark score
- Leadership	= 78	= 47
- Culture/Values	= 86	= 61

Top engagement gaps*

	Redefine score	Benchmark score
- Discretionary effort	= 75	= 72
- Safety environment	= 72	= 70

* Relative to Redefine's scores

Targets and comparatives gauges performance



OPTIMISE CAPITAL

Why it matters most

We need to have adequate funding available to deploy capital into the right property opportunities and meet operational requirements. Exposure to interest rate and currency volatility needs to be responsibly managed. We also need to ensure that our existing portfolio is optimally funded to increase our returns and ensure sustained and predictable growth. By optimising capital, we make the best use of scarce financial capital to create value for our stakeholders - liquidity trumps credit.

Related risks (refer to pages [19](#) to [22](#))

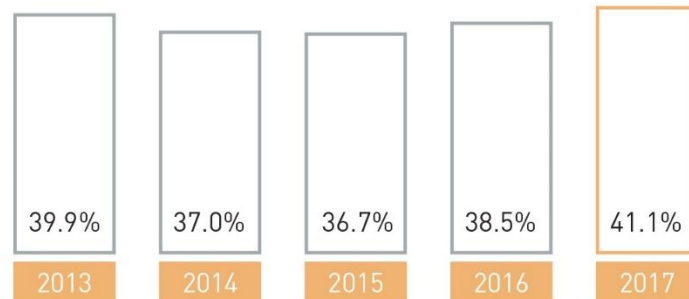
[1](#) [2](#) [9](#) [10](#)

KPI: LTV R

Target: Maintain LTV ratio of below 40%



Five-year trend



Focus 2018

Our LTV, as at 31 August 2017 breached our long term comfort ceiling of 40% for the first time at 41.1%. This was principally caused by the depreciation of the value of our unhedged foreign investments, and the high LTV of the development-focused Pivotal fund acquisition.

Our immediate focus for 2018 will be to contain our LTV ratio through recycling of assets, funding local acquisitions with equity and conservative balance sheet management.

R [Link to executive directors' remuneration](#)

Gain clarity of stakeholder needs

Investors and analysts

As the providers of financial capital, our investors and funders are critical to our success. We are aware that we need to understand their concerns and meet their needs. In addition to our ongoing interactions with our investors and funders, we commission an annual independent perception research study to measure, through qualitative and quantitative research, their perceptions of us.

In the perception survey, conducted in the last quarter of 2016, key issues raised included:

1. Clarity on Redefine's strategy (overall and in terms of international investments)
2. Transformation strategy (at board level and in general)
3. Independence of the board
4. Role of the executive chairman
5. Clarity on the investment case and value proposition

Integrated reporting that leads to integrated thinking

- Don't treat the report like a tick box exercise
- Think of the reporting process as an opportunity to reflect
- Report honestly and look for opportunities to improve

Embedding Integrated thinking

- We adopt an integrated approach to understanding our business and formulating our strategy
- Focusing on our strategic matters guides decision making
- Strategic matters drives performance and measurement throughout the organisation
- In order to create sustained value we need to look beyond short-term returns, integrating all the capitals into each facet of our everyday business

Strategy and integrated thinking

- We need to make strategic decisions that develop and preserve all our capitals
- Our strategy considers all the capitals and seeks to drive growth in the areas that matter most to our ability to provide sustained value to all our stakeholders