



CREATING VALUE FOR STAKEHOLDERS THROUGH
AN ALL-INCLUSIVE APPROACH TO LAND DEVELOPMENT

MAY 2018

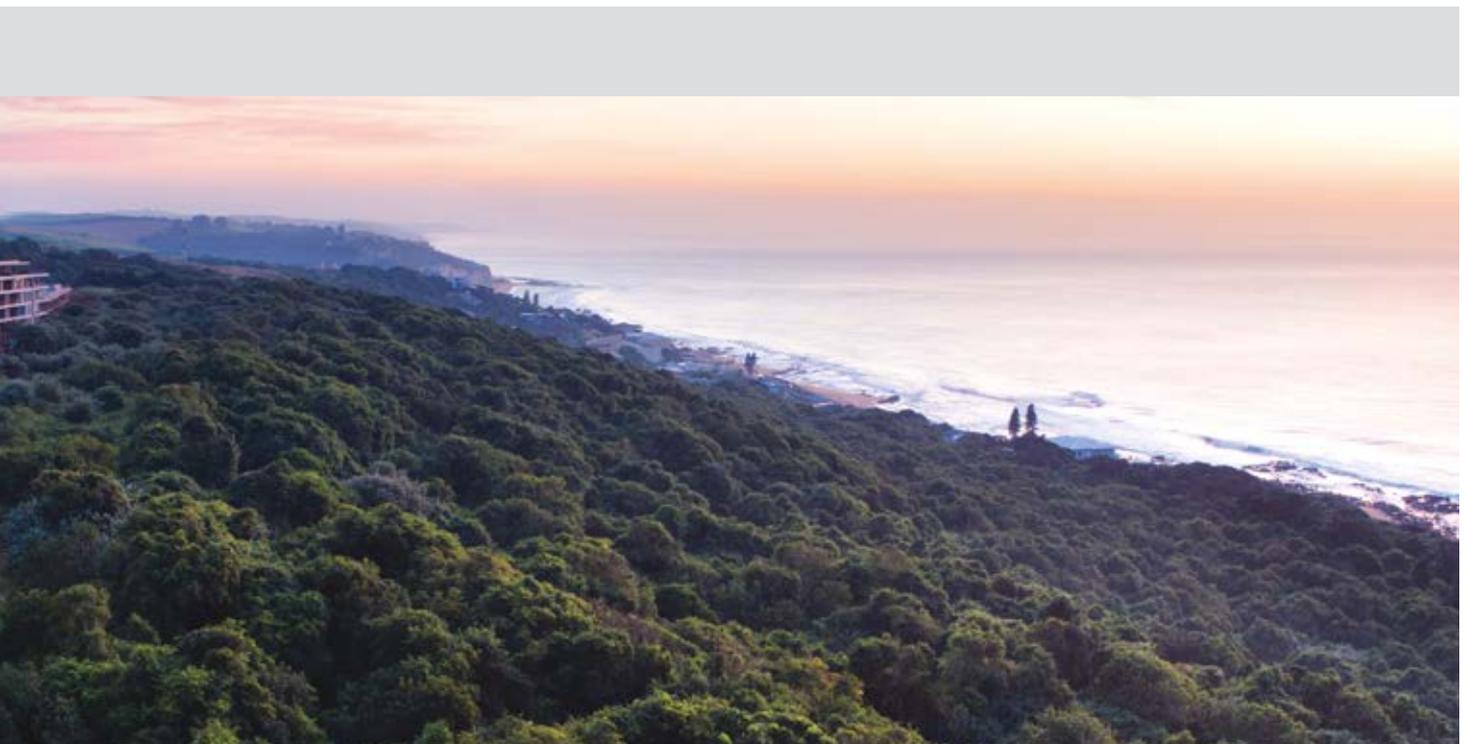


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OVERVIEW AND SUMMARY



Tongaat Hulett carries out land conversion activities in close collaboration with the public sector, communities and other businesses. These partnerships continue to increase in scope and socio-economic impact, with private sector investment currently underway on land previously sold amounting to R7,8 billion, supporting 55 000 construction jobs, with a further 5 800 permanent jobs to be sustained as projects are completed.

Tongaat Hulett's development activities are supporting a comprehensive, embedded social programme; are yielding increasing numbers of opportunities for well-located, affordable neighbourhoods; and are enabling transformation of ownership and participation in the real estate value chain.

Of the sugarcane land supplying Tongaat Hulett's South African sugar mills, only 7 percent is owned by Tongaat Hulett, while the area under black ownership now exceeds 41 percent.

Tongaat Hulett's all-inclusive approach to growth and development simultaneously drives rural development in these cane catchment areas and urban social and economic empowerment through

development of 7 612 developable hectares of prime land in KwaZulu-Natal, near Durban and Ballito, which will be converted out of sugarcane into urban land usage over a number of years. 47 percent (3 566 developable hectares) of this land has been released formally from agriculture through approvals granted by national government in response to applications made with the support of local and provincial government. Environmental approval has been received for specified, market-aligned developments on 1 485 developable hectares, which allows this land to be brought to market with clarity regarding timing and fit for its ultimate usage.

Of Tongaat Hulett's land that will be converted out of sugarcane into urban use, 47 percent has been formally released from agriculture, and 20 percent has environmental approval for specified, market-aligned developments.

Considerable progress has been made towards bringing land to shovel-ready stage, with Tongaat Hulett having invested R979 million into land earmarked for future sales, to create a sound planning and infrastructure platform. Available shovel-ready land currently totals 185 developable hectares, exceeding the 171 hectares sold over the past two years. In the 137 developable hectares making up the socially and economically important Cornubia area alone, the investment is R489 million.

The recent environmental approval for Tinley represents an important new opportunity for Tongaat Hulett. Sales negotiations have commenced over 66 hectares, including 20 hectares for an internationally-branded coastal resort, the first of its kind on the Southern African mainland. Other planning processes underway are expected to open new development areas around King Shaka International Airport, while the first zoning approvals were granted at Ntshongweni west of Durban in April 2018.

Considerable progress has been made towards bringing land to shovel-ready stage, with Tongaat Hulett having invested R979 million into land earmarked for future sales

Land development activities involve considerable cash inflows and outflows that occur over an extended period and do not coincide over a year. With a higher proportion of mature developments in the debtors' book, strong cash inflows are anticipated in the second half of the next financial year, when property transfers are registered. With large-scale infrastructure projects in the region completed or nearing completion, cash outflows will be below those of the previous two years.

The focus on Demand Drivers and the market solutions to address the dynamics of various market sectors is leading to increased levels of interest from end users across a variety of sectors and from key targeted customers. Transactions are being pursued that are structured to unlock particular Demand Drivers and deliver transformation of ownership and participation in the real estate value chain.

Significant negotiations are currently underway over some 300 developable hectares spread over Ridgeside, Sibaya, Cornubia, Bridge City, uMhlanga Ridge Town Centre, Kindlewood, Inyaninga and Tinley as detailed on page 6.

The table on page 7 gives details of sales expected over the next five years, being in the range of 599 to 1 099 hectares. These sales are expected to come from the 3 361 hectares of prime developable land near Durban and Ballito tabulated on page 6.

PRIVATE SECTOR INVESTMENT CURRENTLY UNDERWAY FROM PREVIOUS SALES

Cornubia

- New Makro store for Massmart in N2 Business Park
- 7 factories and warehouses in Industrial and Business Estate
- New filling station and commercial development in Business Hub

Ridgeside

- Three office developments and two major mixed use developments totalling over 110 000 square metres of floor area

Sibaya

- Four high end residential developments and a major retirement development

uMhlanga Ridge Town Centre

- Expansion of the Gateway Theatre of Shopping
- Nine developments underway covering both residential and commercial developments

Bridge City

- 500-bed provincial hospital
- CalgroM3 affordable housing development

THIS NEW PRIVATE SECTOR INVESTMENT WILL GENERATE

R7,8 BILLION

IN NEW INVESTMENT

R121 MILLION

IN MUNICIPAL RATES

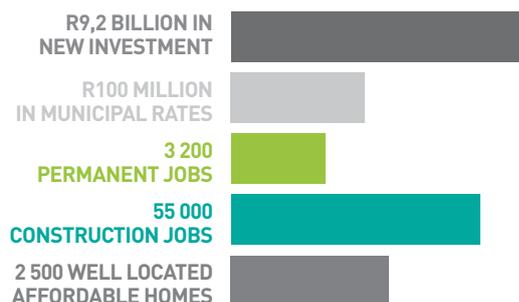
5 800

PERMANENT JOBS

55 000

CONSTRUCTION JOBS

NEW ADDITIONAL PRIVATE SECTOR INVESTMENT FOLLOWING SALES IN THIS REPORTING PERIOD WILL LEAD TO THE FOLLOWING SOCIO-ECONOMIC IMPACTS





AREAS WHICH ARE UNDER NEGOTIATION FOR SALE, EXPERIENCING SALES ENQUIRIES OR EXPECTED TO ACCOMMODATE SHORT-TERM DEMAND

AREAS WHERE NEGOTIATIONS WITH PROSPECTIVE BUYERS ARE ONGOING

PAGE	AREA	DEMAND DRIVER	Developable Hectares	Hectares under current negotiation
34	Ridgeside		16	14
35	uMhlanga Ridge Town Centre - Commercial		1	1
36	uMhlanga Ridge Town Centre - Residential		2	2
37	Sibaya - Nodes 1 & 5		43	13
38	Sibaya - Node 4		103	80
39	Sibaya - Node 6		123	30
40	Cornubia - Town Centre		25	25
41	Cornubia - uMhlanga Hills		14	14
42	Cornubia - Blackburn Extension		14	14
43	Bridge City		6	2
44	Kindlewood		9	9
45	Tinley		319	66
46	Inyaninga East - Affordable Housing		93	30
TOTAL			768	300

AREAS WHERE ENQUIRIES ARE BEING RECEIVED AND NEGOTIATIONS ARE EXPECTED TO COMMENCE

47	Ntshongweni - Retail & Urban Core		64	
48	Ntshongweni - Logistics & Business Park		161	
49	Cornubia - N2 Business Park		2	
50	Izinga - Future Phase		60	
51	La Mercy - West Phase 1		30	
52	Compensation - East		73	
53	uShukela Drive		49	
54	Remaining sites on nearly completed developments		22	
TOTAL			461	

AREAS FROM WHICH REMAINING SALES ARE EXPECTED TO COME OVER THE NEXT 5 YEARS

56	Cornubia - Marshall Dam Town Centre & Consolidating Urban		82	
56	Cornubia North - Integrated Affordable Neighbourhood / Business Precinct / Cemetery		202	
57	Sibaya - Node 2 & 3		134	
57	Inyaninga - East Logistics & Business Precinct		457	
58	Inyaninga - West		187	
58	Lindokuhle		52	
59	Dudley Pringle - Residential & Urban		86	
59	Aberfoyle		231	
60	Amanzimnyama		345	
60	Compensation - West		152	
61	Ntshongweni - Residential		57	
61	Ntshongweni - Integrated Residential Expansion & Recreational		108	
62	Ntshongweni - Mid-Market Residential and Offices		39	
TOTAL			2 132	
GRAND TOTAL			3 361	

RANGE OF OUTCOMES GENERATED THROUGH LAND DEVELOPMENT ACTIVITIES OVER THE NEXT FIVE YEARS

The following table provides an update of the range of sales anticipated over the next five years based on an assessment of demand across the various Demand Drivers, evolving market solutions to address the dynamics of various market sectors, progress in moving land to shovel ready status, availability of metropolitan and regional scale infrastructure and selection of the transaction approach most appropriate for each set of circumstances.

ANTICIPATED RANGE OF SALES OVER FIVE YEARS

DEMAND DRIVER	AS COMMUNICATED AT MAY 2017				DEVELOPABLE HECTARES SOLD in the twelve months to 31 MARCH 2018	AS AT MAY 2018				
	Range of Developable Hectares		Range of Profit per Developable Hectare			Range of Developable Hectares		Range of Profit per Developable Hectare		
	From	To	From	To		From	To	From	To	
 Medium and High Intensity Urban Mixed Use	48	118	19,2	42	4,5	47	107	19	38	
 Predominantly residential neighbourhoods	High-end residential neighbourhoods	92	186	5,6	16,7	27,6	103	194	5,3	17
	Mid-market neighbourhoods	56	90	3,2	6,6		46	135	3,6	6,4
	Integrated affordable neighbourhoods	91	199	2,5	5,8	34,6	83	125	2,5	6,8
	Public sector facilitated residential neighbourhoods	80	240	2,2	3		85	136	2,2	3
 Urban Amenities for Residential Neighbourhoods	41	61	3,2	6	6,3	31	56	3,2	6	
 Retirement	49	59	3,8	12	17	31	52	3,8	12	
 Tourism Markets	City hotels and residences	4	5	12,5	15		4	8	12,5	21
	Coastal resorts catering to domestic, charter markets	15	42	3,5	6		24	41	3,5	6
 Office Market	12	22	7,5	21,5	0,5	12	20	7,5	22	
 Warehousing, logistics, industrial, business park, manufacturing and big-box retail	94	233	4,8	9,5		105	155	4,8	9,4	
 Unique Clusters of opportunity	25	56	5	12	5,8	28	70	5	11,3	
TOTAL	607	1 311			96,3	599	1099			

Land development activities enable considerable investment by others, with associated socio-economic multipliers. The investment generated over a period following conclusion of the transactions tabulated above will generate opportunities for new well-located affordable and public sector facilitated homes, new municipal rates revenue in eThekweni and KwaDukuza municipalities, employment in construction activities and permanent jobs in the resulting homes and enterprises.

The land development activities over the next five years are expected to be achieved primarily from within the 3 361 developable hectares in the areas and landholdings tabulated on the previous page.

FEATURED ASSET





SIBAYA COASTAL PRECINCT

**R2,5 BILLION IN NEW INVESTMENT JUST COMPLETED
OR UNDER CONSTRUCTION AS FIRST RESIDENTS MOVE IN**

Sibaya has come alive with the completion of the first residential development on the back of the completion of the infrastructure serving the first of seven nodes that make up the remarkable 1 000 hectare Coastal Precinct.

The second node, Node 5, is also being opened up and made ready for new investment and development and will bring complementary uses including education and retail amongst residential, mixed use and hotels with commitments already made that will see a further R2,5 billion in new investment into the region.

At the same time, the Precinct's Conservation Trust has been formed and work is underway around rehabilitation and restoration of the 600 hectares of open space assets that will be accessible to residents, employees and visitors.

FEATURED ASSET





BRIDGE CITY

CONNECTING PEOPLE, LINKING COMMUNITIES

The successful Bridge City Shopping Centre has been integrated into a multimodal transportation platform including the nucleus of eThekweni's GO!Durban public transport network. GO!Durban will move to the beat of a modern South Africa, transporting 700 000 commuters daily across the city.

With the Magistrate's Courts fully functioning and 500-bed public hospital nearing completion, CalgroM3's new affordable housing product is about to commence construction, transforming Bridge City into a new town centre.

Bridge City simultaneously creates brand new linkages with surrounding communities and is propelling the area onto a new, inclusive growth path.

FEATURED ASSET



CORNUBIA

SET FOR ACCELERATED ACTIVITY
AND IMPACT AT SCALE



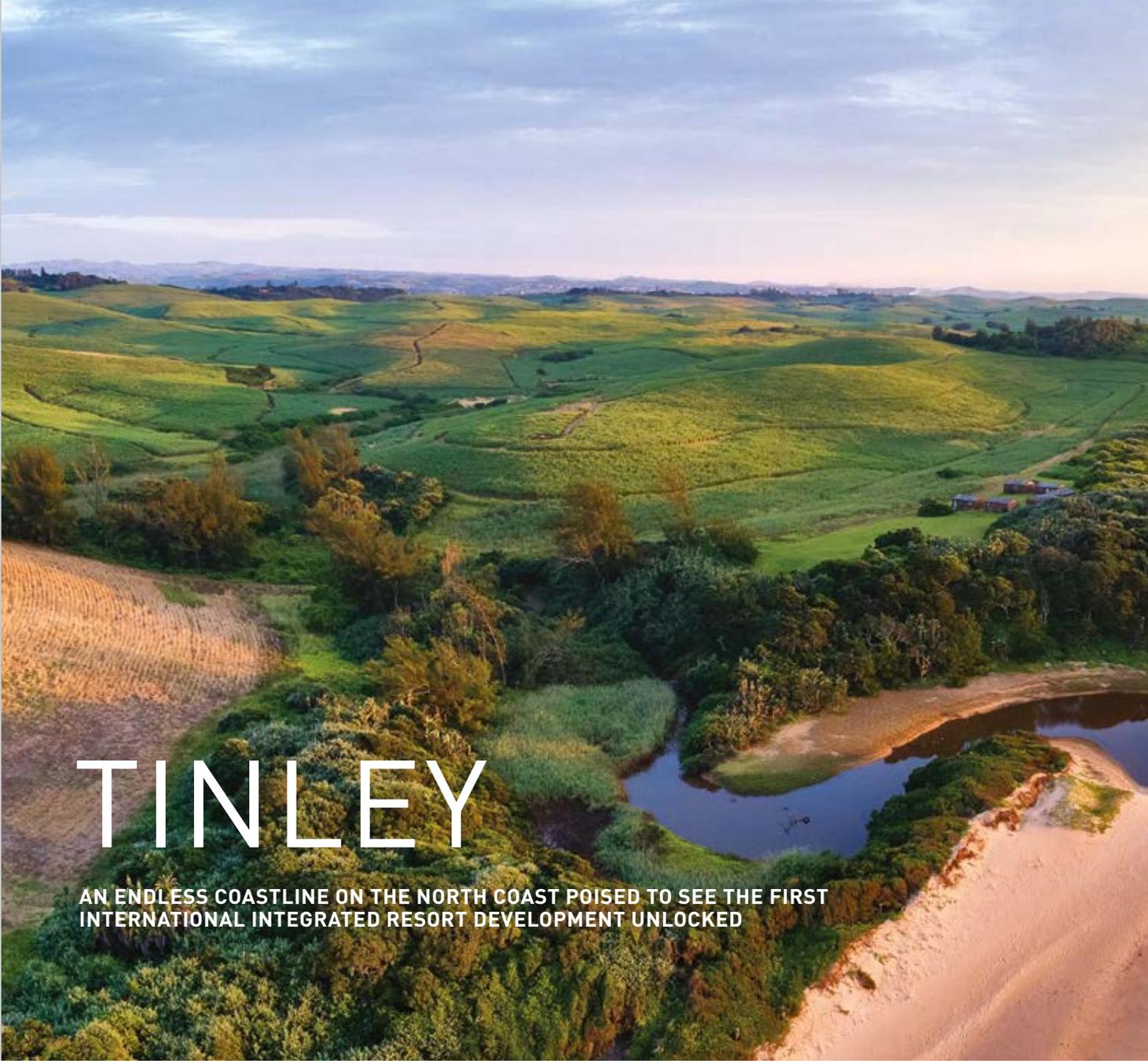


As major new connecting infrastructure nears completion, Cornubia's Town Centre, the future heartbeat of this catalytic, integrated development, is set to explode into life!

With the Industrial and Business Estate fully sold out and over 50 percent developed, the Cornubia Mall fully open, the Business Hub sold out and the first development occupied, earthworks on the N2 Business Park complete and the first housing phases completed, Cornubia is set to fulfil its destiny through the remaining precincts that are being unlocked enabled by the extensive infrastructural investments already made.

With some 1,2 million square metres of floor area available for development in high intensity, mixed use precincts adjacent to two of eThekweni's GO!Durban networks, prospects are exceptional.

FEATURED ASSET



TINLEY

AN ENDLESS COASTLINE ON THE NORTH COAST POISED TO SEE THE FIRST INTERNATIONAL INTEGRATED RESORT DEVELOPMENT UNLOCKED





With a catalytic beach resort development on top of boundless natural beauty, the real estate opportunities in Tinley, based predominantly on residential offerings, will soar.

Tinley will undoubtedly transform the region, creating a new economic impetus with multiplying socio-economic and environmental value

DEVELOPMENTAL PROCESS TO UNLOCK VALUE CREATION FOR ALL STAKEHOLDERS

Tongaat Hulett acts as a developmental partner, creating value for all stakeholders throughout the land use, planning and development cycle.

Increased value is created for all stakeholders the more advanced the developmental process becomes

- LEGEND**
- Areas where sales are anticipated beyond 5 years
 - Areas from which remaining sales are expected to come over the next 5 years
 - Areas where negotiations with prospective buyers are ongoing or are expected to commence
 - Release from agriculture

SOCIETAL STAKEHOLDER COLLABORATION

- Local communities
- Municipalities
- National and provincial government
- Broad Based BEE priority groups in property services, development and ownership
- Property developers and investors
- End users for properties in various markets

01

PRELIMINARY LAND ASSET ASSESSMENT AND ALIGNMENT WITH STAKEHOLDER OBJECTIVES

Land asset analysis and internal planning for transition out of agriculture. Consultation with stakeholders to ensure mutual and far reaching value creation. Alignment with provincial and municipal strategic policy plans and objectives.

02

DRAFT SPATIAL DEVELOPMENT CONCEPT

Iterative drafting process to respond to specific community, infrastructural and market dynamics whilst refining the development concept. Assessment of value creation potential across multiple dimensions. Alignment of concept with municipal Spatial Development Framework Plan and Local Area Plans.

03

ASSESSMENT OF MARKET DEMAND AND OPPORTUNITIES

Concept plan in place. In-depth research and analysis of market trends and opportunities that exist within the different market sectors. Land development is targeted at responding to the greatest demands across markets.

These initial stages (1 - 3) are critical to ensure appropriate and optimal spatial and land use planning. Given the need for extensive stakeholder engagement to ensure the greatest value creation, they take a number of years.

1 803 HECTARES IN PRELIMINARY ASSESSMENT STAGE

2 446 HECTARES IN DEVELOPMENT CONCEPT STAGE

1 310 HECTARES IN MARKET ASSESSMENT STAGE

KEY CONSIDERATIONS IN UNLOCKING VALUE THROUGH THE DEVELOPMENTAL PROCESS

RELEASE FROM AGRICULTURE

Formal application to the National Department of Agriculture, Forestry and Fisheries to release the land from agriculture in terms of the Subdivision of Agricultural Land Act (70 of 1970). Process runs in parallel to EIA, is made with support of local and provincial government, and can take 18 months or more.

Following the release of Tinley North Resort in this period 3 566 developable hectares have Act 70 of 1970 approval (47 percent of the portfolio).

INFRASTRUCTURE

Planning infrastructure requirements, negotiating funding arrangements and collaboration with government on implementation runs in parallel to planning processes.

Infrastructure completed in this period includes: Flanders Drive Interchange on the M41 at Cornubia, Cornubia Business Hub civil infrastructure, Cornubia primary water and sewer infrastructure, Sibaya primary water and sewer infrastructure, Sibaya Node 1 Heleza Boulevard, Cornubia N2 Business Park civil infrastructure and key elements of the N2/M41 interchange.

OPTIMUM LAND MANAGEMENT AND USE

Land is strategically planned, intensively managed and optimally used, with Tongaat Hulett having a track record of successful implementation of various land reform initiatives throughout the land conversion process.

Following the degazettement of the Tinley North land claim, developable hectares subject to gazetted land claims have reduced to 225, all of which were owned by Tongaat Hulett prior to 1913.

DESIGN AND IMPLEMENTATION OF TRANSFORMATION AND EMPOWERMENT PROGRAMMES

Research community dynamics, needs and context and design comprehensive, embedded social and economic development programmes for early implementation, adaptation and growth as the developmental process advances.

Current activities within the iThuba Programme include; supplier development, local empowerment, skills development and leadership capacity programmes.

Transformation continues through procurement to land transactions and property development.

04

ENVIRONMENTAL IMPACT ASSESSMENT (EIA) 12 - 18 MONTHS

Extensive formal consultative process assessing the projected development's impact on the social, economic and natural environment of the region.

EIA approvals enable land to be brought to market with clarity regarding timing and fit for its ultimate usage.

05

FINAL DETAILED PLANNING AND SPLUMA APPLICATION 6 - 12 MONTHS

Responding to stakeholder comments and issues through the EIA process and market input on land use, density and subdivision.

Finalisation of detailed zoning and layout plans in terms of the Spatial Planning and Land Use Management act (SPLUMA).

Tongaat Hulett's partnership with eThekweni Municipality and Dube TradePort on a climate resilience framework is providing certainty around future development in the Aerotropolis region.

06

ACHIEVEMENT OF 'SHOVEL READY' LAND 3 MONTHS

EIA approved and SPLUMA sufficiently far advanced to enable construction to commence shortly.

Clear sales and development execution programme based on market demand.

Tongaat Hulett has invested R979 million into land earmarked for future sales to create a sound planning and infrastructure platform.

07

FINAL APPROVAL AND COMMENCEMENT OF CONSTRUCTION 3 MONTHS

All approvals in place to enable transfer of land to purchaser ahead of commencement of construction.

Serious emphasis is placed on transformation of the property development value chain through procurement, ownership, property development and management.

567 HECTARES IN EIA PROCESS

982 HECTARES WITH EIA APPROVAL, READY FOR PLANNING APPLICATION WHEN APPROPRIATE

319 HECTARES IN DETAILED PLANNING AND SPLUMA APPLICATION

126 HECTARES SHOVEL READY

59 HECTARES WITH FINAL APPROVAL FOR CONSTRUCTION TO COMMENCE

SOCIO-ECONOMIC OUTCOMES

- Urban spatial transformation linking communities, jobs and amenities
- Integrated, inclusive residential neighbourhoods
- Local employment and transformation through job creation, skills transfer and enterprise development during construction phase and beyond
- Creation of permanent jobs
- Investment in new/additional agricultural development and enhanced rural livelihoods
- Empowering communities through local social and economic development
- Coordinated and efficient infrastructure roll-out with maximised return on investment
- Attraction of fixed investment into the region
- Sustained public sector income generation through new, additional rates, taxes and user charges
- Property solutions that enable new markets to be developed
- Transformation within property development and ownership structures

EMBEDDING SOCIAL PROGRAMMES AND TRANSFORMATION THROUGHOUT THE DEVELOPMENTAL PROCESS

Value creation for all stakeholders through an all-inclusive approach to growth and development

Increased value is created for all stakeholders as the developmental process progresses



01

PRELIMINARY LAND ASSET ASSESSMENT AND ALIGNMENT WITH STAKEHOLDER OBJECTIVES

Social and community dynamics researched and mapped

Mapping of community leadership and governance structures

Establishment and commencement of early communication platforms

First draft assessment of current land use practices and possible enhancements towards ultimate urban land use, including social and environmental potential

02

DRAFT SPATIAL DEVELOPMENT CONCEPT

Evaluation of key spatial drivers and their stakeholder impact, in particular:

- Access and linkage through road and pedestrian systems
- Enhanced amenity and environmental contribution through open space network

Assess overall opportunities to create a spatial concept to:

- Align with and deliver on public sector strategies and objectives
- Achieve desired goals of integration, inclusiveness and intensity of use

Engage surrounding communities in establishing overall spatial objectives and guiding parameters

03

ASSESSMENT OF MARKET DEMAND AND OPPORTUNITIES

Assess and commence implementation of progressive increases in intensity of land use towards ultimate concepts such as:

- Urban farming
- Open space management and rehabilitation
- Recreational uses
- Catalytic early individual developments [e.g. social amenities]

Consider and select target markets that are consistent with existing and potential demand dynamics as well as public sector and community aspirations



04

ENVIRONMENTAL IMPACT ASSESSMENT (EIA) 12 - 18 MONTHS

Formalise a social compact with key stakeholders to clarify shared values and institutional arrangements for collaborative developmental implementation

Intensified formal, two-way engagements with all stakeholders, joint identification of challenges and solutions

Further identification of social and economic opportunities arising from meeting environmental requirements

Progressive implementation of further projects to enhance environmental amenity and social benefits

05

FINAL DETAILED PLANNING AND SPLUMA APPLICATION 6 - 12 MONTHS

Formulate implementation framework for specific developmental partnerships as greater certainty on land use and timings emerges

06

ACHIEVEMENT OF 'SHOVEL READY' LAND 3 MONTHS

Develop procurement framework to ensure enhanced, integrated procurement outcomes

Assess enterprise and skills demand and supply dynamics, gaps and mechanisms to align supply and demand. Commence preparatory work in anticipation of the development phase

Execute transactions that foster empowerment and transformation of the real estate value chain

07

FINAL APPROVAL AND COMMENCEMENT OF CONSTRUCTION 3 MONTHS

Intensive implementation of embedded social programmes – the iThuba (opportunity) initiative

- Community and development environmental, health, wellness and safety programmes
- Jobs linkages; supply and demand optimisation with localisation and skills development
- Implementation of agreed, optimised procurement framework
- Identification and implementation of specific opportunities for enterprise development

Delivery of spatial transformation outcomes, new investment, local and regional economic development

Entrenching ongoing implementation of programmes within and between formally organised communities

Comprehensive human development outcomes including education (early childhood development through to tertiary); training for specified skill requirements; and placement in new jobs generated through development



SOCIAL AND ECONOMIC HIGHLIGHTS AND OUTCOMES

Land and property development activity, by its very nature, provides an ideal environment to create new jobs, develop skills, facilitate enterprise and supplier development and transformation over the full real estate value chain. This applies to both construction activity (construction jobs) during infrastructure delivery and building construction as well as to operational activities (permanent jobs) which commence once buildings are completed and occupied.

In addition to the employment impacts, the development activities facilitate significant new investment into the region which then leverages ongoing economic multipliers. The Total Real Estate Investment Value is an indication of the collective market value of land and buildings on occupation within each of the Demand Drivers and is estimated in current-day terms.

From a municipal perspective, development activities lead directly to substantial incremental rates and user charges that significantly boost the municipal fiscus.

BUILDINGS UNDER CONSTRUCTION ARISING FROM PREVIOUS LAND SALES ARE CURRENTLY GENERATING THE FOLLOWING SOCIO-ECONOMIC IMPACTS

R7,8 billion in new investment
R121 million annual municipal rates
55 000 construction jobs
5 800 permanent jobs

TRANSACTIONS CONCLUDED IN THIS REPORTING PERIOD WILL LEAD TO THE FOLLOWING SOCIO-ECONOMIC IMPACTS AS THE DEVELOPMENTS TAKE PLACE

R9,2 billion in new investment
R100 million annual municipal rates
55 000 construction jobs
3 200 permanent jobs





The following table provides an indication of the range of socio-economic outcomes that will be unlocked over time following sales over the next 5 years.

DEMAND DRIVER			Range of Developable Hectares		Total Real Estate Investment Value (R million)		New Municipal Rates generation (R million per annum)		Permanent Jobs generated in above ground development		Total Construction Employment (FTE's)	
			From	To	From	To	From	To	From	To	From	To
	Medium and High Intensity Urban Mixed Use		47	107	7 172	16 336	71	162	4 781	10 891	59 412	144 717
	Predominantly residential neighbourhoods	High-end residential neighbourhoods	103	194	5 259	9 881	42	79	2 630	4 941	44 697	97 810
		Mid-market neighbourhoods	46	135	979	2 878	8	23	323	950	17 361	54 417
		Integrated affordable neighbourhoods	83	125	2 826	4 250	22	34	565	850	34 888	63 750
		Public sector facilitated residential neighbourhoods	85	136	1 156	1 853	-	-	578	927	7 405	12 851
	Urban Amenities for Residential Neighbourhoods		31	56	1 581	2 856	19	34	6 324	11 424	17 968	33 869
	Retirement		31	52	1 594	3 542	29	63	351	584	13 500	26 344
	Tourism Markets	City hotels and residences	4	8	542	1 084	10	19	1 020	2 040	3 265	6 912
		Coastal resorts catering to domestic, charter markets	24	41	2 550	4 356	46	78	4 896	8 364	16 848	29 177
	Office Market		12	20	926	1 494	17	27	2 470	3 984	7 493	13 831
	Warehousing, logistics, industrial, business park, manufacturing and big-box retail		105	155	5 250	7 750	122	180	4 200	6 200	51 786	82 863
	Unique Clusters of opportunity		28	70	1 793	4 449	32	80	5 738	14 238	10 302	29 522
Total socio-economic value to be unlocked over time following the sales			599	1 099	31 628	60 729	418	779	33 876	65 393	284 925	596 063

INFRASTRUCTURE

Unlocking new investment in urban development through the developmental process requires collaboration between multiple stakeholders to coordinate infrastructure policy and strategy, planning, funding, procurement, implementation, operations and maintenance.

Over the past three years, the greater uMhlanga region has seen new investment in infrastructure of more than R3,3 billion in collaboration between Tongaat Hulett, eThekweni Municipality and SANRAL.

Progress continues to be made in multiple processes to enable this collaboration that seeks to ensure that infrastructure delivery meets the requirements in order to satisfy demand for real estate investment in the Durban and KwaZulu-Natal coastal regions.

Key elements of the current environment can be summarised as follows:

- Recognition of the central role of metropolitan municipalities as drivers of growth and the need for support mechanisms to enable efficient infrastructure funding and delivery in the execution of this role;
- Increased attention on ensuring maximum utilisation of existing available infrastructural capacities in the region in an increasingly constrained fiscal environment, thereby leveraging full investment return for all stakeholders;
- Recognition of the effectiveness of infrastructural investment concentrated in growth corridors of major cities, planned in an integrated manner and implemented incrementally;
- Increased pressure to unlock infrastructural investment and thereby the associated local employment, enterprise development opportunities and service delivery;
- Increasing acknowledgement of the need for effective collaboration between multiple role-players to facilitate the requisite integrated planning and incremental implementation;
- Significant recent and ongoing infrastructural investment in the region, combined with sound intent and intense efforts to ensure optimum returns on this investment;
- Progress in processes to formalise the scoping and packaging of bankable infrastructure investment projects that appropriately address the strategic objectives of various partners;
- Increasing fiscal constraints to direct infrastructural investment by government, leading to increasing recognition of the value of programme management processes that enable closer matching of the supply and demand dynamics of infrastructure services, together with innovative funding and financing mechanisms; increasing opportunities for increased private sector participation.





MAJOR TRANSFORMATIONAL INFRASTRUCTURE

A number of large scale pieces of infrastructure have been completed or are nearing completion and are creating a solid platform for new sales, development and investment.

For the period in review, the following large scale infrastructure projects have been completed/are nearing completion:

TRANSPORT INFRASTRUCTURE

- Flanders Drive Interchange on the M41 serving Cornubia
- The N2/M41 interchange southbound and northbound structures opened to traffic
- First phase of Dube East and a portion of Cornubia Boulevard through the Cornubia Business Hub
- Bridge over the N2 connecting uMhlanga Ridge Town Centre and Cornubia and providing enhanced access from the N2
- First phase of Heleza Boulevard in Sibaya
- Portion of Ridgeside Drive and internal roads in Ridgeside Precinct 1

- P577 linking the R102 and the N2 to Pinetown as the first phase of the eThekweni GO!Durban system
- New arterial accessing N2 Business Park from Cornubia Business Hub and opening up Cornubia Town Centre

GO!DURBAN INFRASTRUCTURE

- Bridge over the N2 linking Cornubia (from Bridge City and ultimately the airport) to uMhlanga Ridge
- Phase 1 (C3 route) linking Bridge City to Pinetown

WATER/SEWER BULK INFRASTRUCTURE

- Cornubia gravity sewer for Business Hub, N2 Business Park, Town Centre and uMhlanga Hills
- Cornubia Water Reservoir cell 1 to service the abovementioned developments
- Sibaya Node 1 gravity sewers
- Sibaya water pipeline to service all nodes





GO!Durban - Moving the City's Economy Ahead

eThekweni Municipality's GO!Durban Integrated Rapid Public Transport Network (IRPTN), is one of the largest service delivery projects in the transport sector ever undertaken in the City, expected ultimately to move 700 000 commuters daily.

Named as one of the City's Catalytic Projects – with the potential to shift the socio-economic landscape and trigger a series of investments across several sectors – GO!Durban has reached a number of milestones, and will begin its first service at the end of 2018.

The first 24km route called C3 runs from the Pinetown CBD on a new provincial road, terminating at Bridge City. Fourteen stations on this route are universally access compliant and will have CCTV and security. Commuters will enter the station using smart card technology pre-loaded with trips.

Adjacent to Bridge City's Magistrate's Court an award-winning interchange was fast-tracked in a partnership between Tongaat Hulett, the City and the Province to herald the C9 route. This route will run north through Cornubia across to uMhlanga Ridge, on the soon to be completed bridge and linked interchange, another partnership between Tongaat Hulett, the City and SANRAL. Once completed, this will effectively link Pinetown to uMhlanga.

Much interest is focussed on the link from King Shaka International Airport, via uMhlanga, through to the Durban CBD, supporting airport and TradePort transfers for inter-city commuters, tourism and business.

The overall objective is eventually to have eight dedicated Bus Rapid Transit routes networked around the City with seamless transfers from one route to the other via closed stations.

A ninth route, which already exists, completes the network, providing a rail link from Bridge City to the Durban City Centre.

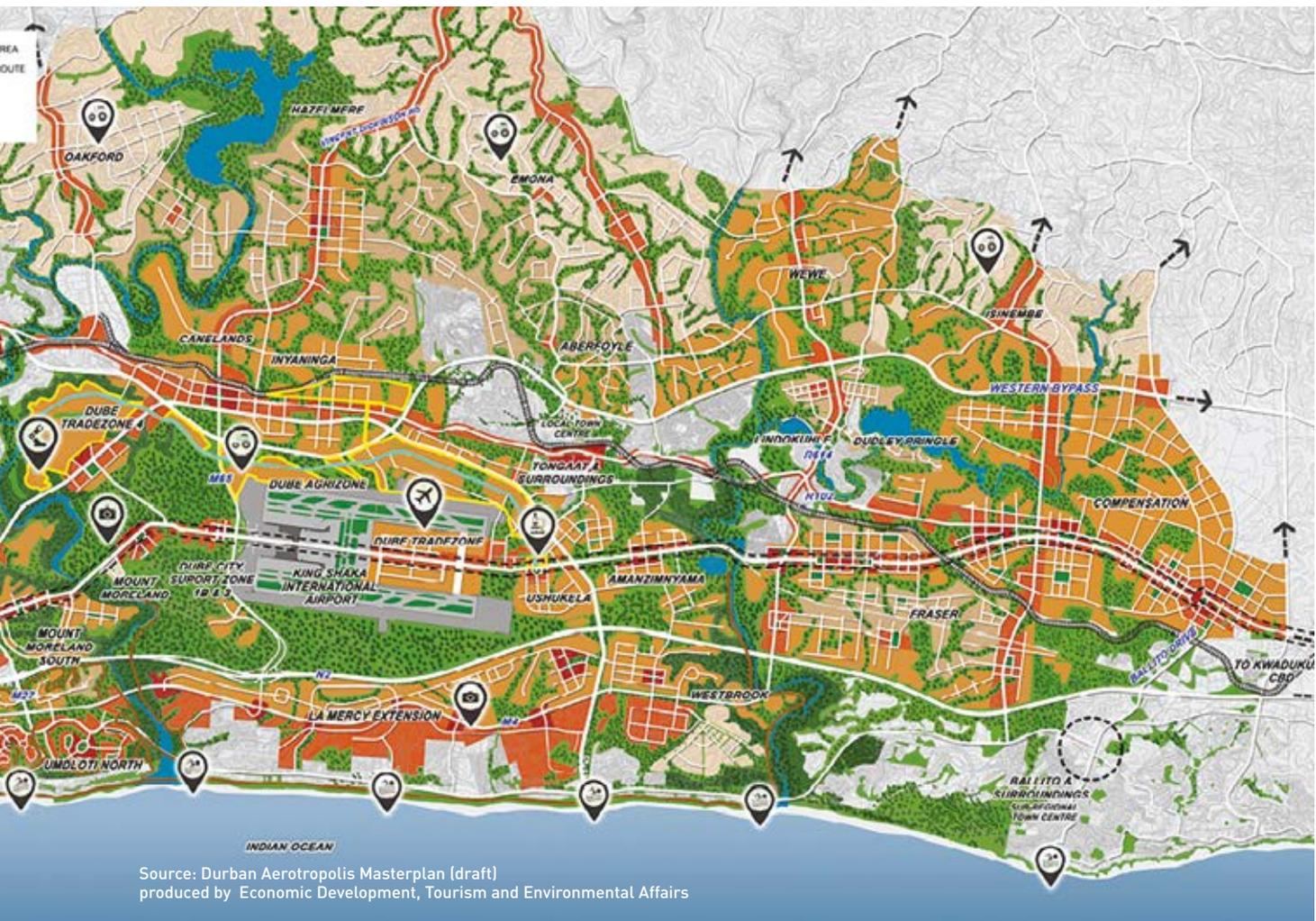


THE DURBAN AEROTROPOLIS

The Durban Aerotropolis Master Plan, approved by the KwaZulu-Natal Provincial Cabinet in November 2017, creates a development framework for the next 50 years of growth in the airport region. By anticipating and responding to the region's potential trends and challenges, the master plan creates a favourable physical environment for investment through integrated and coordinated spatial planning, integrated multi-modal transport networks, place marketing, infrastructure and engineering services, and environmental sustainability.

The Durban Aerotropolis will catalyse social, spatial and economic transformation and localise the benefits of global trends through a robust yet flexible master plan framework

The Aerotropolis Master Plan area covers 32 000 hectares in total, including Tongaat Hulett's development portfolio from uMhlanga to Ballito. As the plan now moves into the phase of implementation of its early initiatives, new opportunities for coordinated developmental partnerships are arising.



Source: Durban Aerotropolis Masterplan (draft) produced by Economic Development, Tourism and Environmental Affairs

DEMAND DRIVERS AND MARKET SOLUTIONS

There are signs of a slow emergence of greater investor confidence across many Demand Drivers. A key determinant of the extent to which this will be converted into sales and investment will lie in the achievement of shovel ready status, with necessary infrastructural supply, across the portfolio and particularly in the new geographic nodes in the greater Hillcrest region, the airport region and the areas surrounding Ballito.

Progress on developing market solutions for promising market sectors where Durban has existing or potential competitive advantages continues to be made, frequently in collaboration with a range of government agencies as well as players in the property industry locally and nationally.



MEDIUM AND HIGH-INTENSITY URBAN MIXED USE

High-intensity, mixed-use is regarded as the most effective, value creating and transformative urban delivery model and continues to yield the highest value creation potential in the portfolio.

- This Demand Driver is fuelled by the reality that metropolitan Durban will be required to house and employ increasing numbers of people over time as urbanisation trends continue in the region.
- Underpinned by eThekweni Municipality's GO!Durban public transportation system, these intense urban nodes are facilitating spatial integration and inclusivity and providing new urban amenity and opportunity in areas of need.
- Given the levels of intensity and spatial concentration in strategic locations, these opportunities lend themselves to large, structured transactions with significant transformation and empowerment potential.

- Market dynamics frequently lead to opportunities for increased densification and hence value, from the same underlying hectares of land. These dynamics are presently being dealt with in both uMhlanga Ridge Town Centre and Ridgeside.
- Tongaat Hulett has a number of strategic opportunities where high-intensity, mixed-use precincts are either already being implemented or are being planned and made ready for development. These opportunities currently include uMhlanga Ridge Town Centre, Bridge City, Ridgeside, Cornubia Town Centre, Sibaya Coastal Precinct and Ntshongweni.

Tongaat Hulett has a number of unique strategic opportunities where the high-yielding, high-intensity, mixed-use Demand Drivers can be delivered



PREDOMINANTLY RESIDENTIAL NEIGHBOURHOODS

eThekweni Municipality's population is projected to grow to 4,4 million by 2030. This translates to 775 000 people and approximately 193 000 residential units to accommodate this growth. It is anticipated that the distribution of the new growth will be 40 percent to the north, 20 percent central, 20 percent outer west and 20 percent to the south of Durban. The residential subsectors of high-end, mid-market, integrated affordable and public sector facilitated residential neighbourhoods are all expected to see sustained demand over the next five years to cater for the growing market needs across all income groups.

HIGH-END RESIDENTIAL NEIGHBOURHOODS

This market sector is defined as homes at a price point of R1,5 million and above for completed residential units.

- Opportunities to address this Demand Driver remain scarce in the region providing opportunities for both increased densities and increased pricing premiums.
- Developments with the necessary amenity, natural and physical attributes and capacity to accommodate this niche market include - Kindlewood, Sibaya, Tinley and Ntshongweni

Residential demand in Durban is being driven by population growth, with a further 193 000 residential units anticipated to be needed by 2030

MID-MARKET NEIGHBOURHOODS

This market sector is defined as homes at a price point of R800 000 - R1,5 million for completed residential units. This submarket accommodates some 34 percent of the residential market in eThekweni Municipality and KwaDukuza.

- Strategic partnerships are being pursued with national developers to take a long term view on this market sector and to bring opportunities to the market to cater for the substantial demand.
- Opportunities exist within Cornubia, Izinga, Sibaya, Tinley, Ntshongweni and Inyaninga in the short to medium term.

INTEGRATED AFFORDABLE NEIGHBOURHOODS

Integrated affordable neighbourhoods are defined as incorporating a price range for completed residential units of approximately R500 000 to R800 000. This Demand Driver will continue to generate significant demand across the portfolio.

- In this reporting period, 35 hectares have been sold that will lead to some 2 500 well-located, affordable homes being constructed by national developers.
- This subsector is underpinned by a need to be in good locations that are accessible. eThekweni Municipality's GO!Durban public transport system, that will link all of the key economic nodes to existing residential in the region, will provide the backbone to this accessibility and enable increased densities along these corridors.
- Real opportunities lie in the creation of large scale, longer term opportunities for national and international developers seeking substantial development pipelines in conjunction with municipalities as developmental partners.
- This sector's widening scope through rental housing as well as employee housing schemes also offers new, additional opportunities.
- Short-medium term opportunities include – uMhlanga Hills, Cornubia Town Centre, Blackburn, Bridge City, Ntshongweni and Inyaninga.

PUBLIC SECTOR FACILITATED RESIDENTIAL NEIGHBOURHOODS

Demand in this subsector remains insatiable, but is hampered by public sector delivery challenges. Specific, critical elements influencing this market include:-

- eThekweni Municipality has an existing housing backlog of over 400 000
- eThekweni Municipality is currently delivering some 6 000 new houses per year
- Many new housing projects remain far removed from urban amenities and employment opportunities
- Existing housing typology and density are exacerbating the challenges
- Cornubia provides a powerful pointer towards locational advantages as well as more appropriate densities as a result of its integrated mix of uses and development concept
- eThekweni Municipality's GO!Durban public transport system also offers an important strategic lever in the delivery of government facilitated residential neighbourhoods, particularly in the social, rental housing markets where densities can be increased
- Opportunities within Tongaat Hulett's portfolio include – Cornubia North, Inyaninga, Ntshongweni, Aberfoyle and Lindokuhle



URBAN AMENITIES FOR RESIDENTIAL NEIGHBOURHOODS

This market sector consists of social facilities such as schools, medical, neighbourhood retail, convenience retail, petrol filling stations and other facilities developed in response to or in anticipation of demand from growing residential neighbourhoods.

- Given the demand for residential in Sibaya, there is major interest in the development of a new retail facility in Node 5 and it is likely that a transaction will be concluded in the next period.
- There is interest in an additional educational facility in Izinga as a result of the residential explosion in the sub-region over the past few years.
- A significant undersupply in burial space in the municipality is providing a critical level of demand for land that has the physical characteristics to accommodate such a use. Opportunities have been identified in La Mercy and Cornubia North.
- Engagements are ongoing with the Department of Education towards collaborative planning for new public sector facilitated educational facilities.

For the period in review 17 hectares were sold to accommodate retirement demand - which translates to about 640 units within the greater uMhlanga region.



RETIREMENT DEVELOPMENTS

The RetireKZN online campaign continues to promote KwaZulu-Natal as a retirement destination, to fast-track sales of retirement sites to developers and to provide a good source of market insight that has proven effective in enabling developments to respond accurately to market requirements. RetireKZN also provides a good platform for developers to launch and market their retirement developments.

- Strategic partnerships with key players in the retirement sector are being established to continue to deliver differentiated real estate solutions for this sector.
- The hectares sold into the retirement sector are expected to continue to increase over the next few years. Short term opportunities exist in Sibaya and Tinley; while Ntshongweni is being designed to meet demand in the medium to long term.



TOURISM

KwaZulu-Natal continues to be the market leader for domestic tourism in South Africa, ranking second in terms of international tourism and offers a great opportunity for growth in international tourists. The growth in new international routes at the King Shaka International Airport is expected to increase the growth potential of international arrivals. Hotel occupancies in the province have remained above 70 percent with Average Daily Rate (ADR) growing by 8 percent per annum since 2010. Durban continues to offer prime leisure, sporting, tourist and conference opportunities underpinned by world class infrastructure, amenities and facilities in addition to its natural and physical attractiveness.

British Airways recently announced a direct flight between Durban and London commencing in October this year.

CITY HOTELS AND RESIDENCES

The Greater uMhlanga region continues to outperform national and provincial markets in terms of occupancy (71,7 percent) and revenue per available room (R1 274). The sector is forecasted to grow at three percent going forward and the uMhlanga market can absorb an increase in hotel inventory over the next five years. The sustainability of "in City" Hotels in Durban is driven by business tourism and directly linked to the growth in the office sector. In the last period, uMhlanga Ridge has attracted international hotel brands such as the Hilton Garden Inn, the first in the country, which is due to open in 2020.

The primary short term opportunities, which are currently under negotiations, are situated within Sibaya and Cornubia Town Centre, which are both mixed use high-intensity precincts. Hotel usage is capable of generating returns per hectare consistent with other high density, urban mixed uses. Other short term opportunities include Tinley, uMhlanga Ridge Town Centre and Ridgeside.



COASTAL RESORTS CATERING TO DOMESTIC AND FOREIGN MEETINGS, INCENTIVES, CONFERENCES, EXHIBITIONS AND LEISURE MARKETS

The KwaZulu-Natal north coast has been identified by global tour and resort operators as South Africa's foremost opportunity to compete with other global beach resort destinations, provided critical mass can be achieved.

- Tinley is one of the province's officially identified catalytic beach resort developments and is being unlocked in collaboration with Tourism KZN and Trade and Investment KZN.
- The 15 hectare Tinley Integrated Resort opportunity has been packaged and taken to market and will bring the first international branded integrated resort development into the country with a major transformational objective.
- A strategic objective is to create enhanced value in surrounding land assets benefiting from proximity to and association with the resort and higher pricing premiums as destination value is established in the area. In this regard, investigations into shared vacation ownership models, products and key players within the leisure industry are currently underway and expected to be piloted in the medium term.

The Tinley Resort opportunity will bring the first international branded resort to the country. The strategic objective is to create enhanced value in surrounding land assets benefiting from proximity to and association with the resort and higher pricing premiums as destination value is established in the area.





OFFICE

Demand for premium grade office space in prime locations remains robust and the current rate of supply may be insufficient for the future growth of the market. Over the past years, the Greater uMhlanga region has attracted large corporate tenants such as Aspen Pharmacare Holdings Ltd, Vodacom and AECOM. The node is also home to large financial services tenants including the big four commercial banks, Investec, as well as large accounting and audit firms, Ernst & Young, Deloitte and KPMG.

- The recently announced British Airways direct flight from Durban to London offers new opportunities for increased business and trade links
- Renewed demand in this node is evidenced by an increased take up of office space and low vacancy rates of below five percent
- The development pipeline of 146 545 square meters of office bulk in the region is suggestive of a strong investor interest and confidence in the sector
- Sibaya and Cornubia Town Centre are positioned as expansion nodes within Greater uMhlanga to accommodate growth in this sector
- Strategic partnerships with Invest Durban, eThekweni Municipality and Trade and Investment KZN are well progressed and are aimed at positioning Durban as a preferred location for large corporate occupiers and multinationals
- A focus on new market entrants rather than relocating of existing headquarters presents a greater opportunity for Durban to attract major corporate occupiers into the region.
- Opportunities exist in the business process outsourcing subsector where new market entrants are proactively being targeted to locate their facilities in Durban
- Ntshongweni offers a future new market opportunity in support of the regional shopping centre and future residential development.



INDUSTRIAL, MANUFACTURING, WAREHOUSING AND LOGISTICS

This sector is still largely driven by logistics and distribution linked to port activities. Given the important role that the Port of Durban plays in the overall economy of the region as the largest hub port in sub-Saharan Africa, the latest trade statistics provide encouragement for the outlook of Durban in the year ahead.

- In a recent analysis of port development in sub-Saharan Africa, PWC confirmed Durban's status as being the container hub port market leader in hub logistic services, performance and customs efficiencies as well as port attractiveness
- The development pipeline of an estimated 250 000 square metres in the Durban region is a positive indication of investor confidence both in Durban and the sector
- Vacancy rates in Durban have remained low at six percent and are expected to remain stable in the next year indicative of the demand for well-located real estate
- The R7 billion public sector investment towards the Durban port upgrade, to render a longer and deeper quay wall which will allow bigger ships to enter and positioning the port as an international terminal of choice, is expected to catalyse demand for industrial space particularly in close proximity to the port and in strategic logistics corridors
- The current demand for land for manufacturing and industrial uses continues to be predominantly on the N3 corridor between Durban and Gauteng where significant industrial activity is planned
- Hectare take-up is expected to improve as opportunities in Ntshongweni open up given that it is the best and most strategically located piece of real estate on the western corridor
- Ongoing new investment into King Shaka International Airport and Dube TradePort also offer new opportunities in the Aerotropolis for industrial and logistics uses

In a recent analysis of port development in sub-Saharan Africa, PWC confirmed Durban's status as being the container hub port market leader in hub logistic services, performance and customs efficiencies as well as port attractiveness



UNIQUE CLUSTERS OF OPPORTUNITY

The recent sale for a private tertiary educational institution in Sibaya has triggered demand for student accommodation in close proximity. Engagements with developers are well-advanced.

Other possible unique clusters where enquiries have been received include medical, wellness and healthcare complemented by education and medical tourism; a creative arts cluster including colleges, film studios, broadcasting technology and entertainment, combined with tourism and a biotech / biopharma cluster including technology, medicine, pharmaceutical research and development through to manufacturing.

- A range of 28 - 70 developable hectares take-up is projected over the five year period to cater for demand in this sector with the focus on structured transactions that can accelerate pace and facilitate industry transformation

BIG BOX RETAIL

Large platformed areas, particularly those with good access and exposure also accommodate large destination and big box retail facilities and showrooms. This remains an area for further growth, including the introduction of international operators increasing their footprint in Africa and the provision of retail facilities serving a broader African market with air and highway accessibility.

- Similar locations are potentially attractive for the self-storage sector, which is a niched real estate use showing interesting prospects for expansion in South Africa, and Durban in particular.
- Opportunities with inherent advantages for such uses include – Ntshongweni, Cornubia North, Inyaninga, uShukela and Compensation

Fortress Property Fund has recently commenced construction of a new Makro store for Massmart in Cornubia







DETAILED SHEETS FOR AREAS:

WHERE NEGOTIATIONS WITH PROSPECTIVE BUYERS ARE ONGOING ON 300 DEVELOPABLE HECTARES (Pages 34 - 46)
 WHERE ENQUIRIES ARE BEING RECEIVED AND NEGOTIATIONS ARE EXPECTED TO COMMENCE (Pages 47 - 54)

DEMAND DRIVER ICONS



HIGH-INTENSITY
URBAN MIXED USE



PREDOMINANTLY
RESIDENTIAL NEIGHBOURHOODS



URBAN AMENITIES FOR
RESIDENTIAL NEIGHBOURHOODS



RETIREMENT



TOURISM



OFFICE MARKET



WAREHOUSING, LOGISTICS, INDUSTRIAL, BUSINESS
PARK, MANUFACTURING AND BIG-BOX RETAIL



UNIQUE CLUSTERS OF OPPORTUNITY



RIDGESIDE

Greater uMhlanga

16 DEVELOPABLE HECTARES

NEGOTIATIONS UNDERWAY: 14 HECTARES

OVERVIEW

Significant new development is underway in Precinct 1, where existing rights have all been sold, with demand for more. Includes South Africa's first Hilton Garden Inn hotel as part of the uMhlanga Arch development to open in 2020. Opportunities for large real estate packages exist in Precinct 2.

DEMAND DRIVERS



- High-intensity urban mixed use
- High-end residential
- City hotels and residences
- Premium-grade corporate offices and high-end retail
- Urban amenities
- Retirement

COMMERCIAL TRANSACTIONS

Conditional transactions dependant on obtaining additional rights in Precinct 1 are under negotiation. Development packages including residential, commercial and retirement developments within Precinct 2 are also being negotiated with local developers.

SOCIETAL VALUE CREATION

R1,7 billion investment in new construction activity is advancing well and will provide for more than 1 100 new jobs on completion.

DEVELOPMENT PROGRESS

Final civils infrastructure in Precinct 1 is well advanced. An application to provide for additional rights in Precinct 1 is in progress.





UMHLANGA RIDGE TOWN CENTRE COMMERCIAL

Greater uMhlanga

1 DEVELOPABLE HECTARE

NEGOTIATIONS UNDERWAY: 1 HECTARE

OVERVIEW

The last remaining sites available for sale in the heart of the ever expanding Town Centre. The soon to be completed N2 bridge access linking the N2 with uMhlanga and Cornubia will enhance impetus for the realisation of the asset.

DEMAND DRIVERS



- High-intensity urban mixed use
- Prime mid-market to high-end residential
- Prime site for a city hotel, including residences
- Premium-grade corporate offices

COMMERCIAL TRANSACTIONS

Negotiations are continuing on a single, large-scale mixed-use development opportunity which will include iconic structures on the sites.

SOCIETAL VALUE CREATION

uMhlanga Ridge Town Centre is fast maturing into a fully functioning urban node offering inclusive access to all amenities.

DEVELOPMENT PROGRESS

All infrastructure completed. Close to R1 billion investment under construction following previous sales. GO!Durban's N2 access bridge and links into Cornubia progressing well.





UMHLANGA RIDGE TOWN CENTRE RESIDENTIAL

Greater uMhlanga

2 DEVELOPABLE HECTARES

NEGOTIATIONS UNDERWAY: 2 HECTARES

OVERVIEW

Only two land parcels remain in the high density residential precinct of the uMhlanga Ridge Town Centre.

DEMAND DRIVERS



- Residential precinct in high-intensity mixed use area
- Prime mid-market residential
- Urban amenities

COMMERCIAL TRANSACTIONS

A conditional transaction has been entered into on one of the two remaining sites - dependent on obtaining additional commercial rights.

SOCIETAL VALUE CREATION

Yield of over 4 500 homes in an integrated, inclusionary precinct catering to a mixed range of affordability. An integrated urban development where homes, places of work and social amenities are within walking distance of each other. High-intensity development, where infrastructure investment has been highly leveraged.

DEVELOPMENT PROGRESS

All infrastructure completed. Over R500 million in investment still under construction following previous sales. Process underway for additional commercial rights.





SIBAYA NODES 1 & 5

Greater uMhlanga

43 DEVELOPABLE HECTARES

NEGOTIATIONS UNDERWAY: 13 HECTARES

OVERVIEW

Significant market interest continues in Nodes 1 and 5, with a number of very successful developments currently underway. The first building, Ocean Dune, is now complete and the first residents of Sibaya have moved in.

DEMAND DRIVERS



- Mid-market and high-end residential
- High-end city hotels and residences
- Medium to high-intensity urban mixed use
- Retirement
- Urban amenities

COMMERCIAL TRANSACTIONS

The conclusion of the school site sale has further spurred the demand for residential development, which has now positively influenced demand for retail. Negotiations are currently underway for the development of a neighbourhood retail development scheme in Node 5. Engagements are also ongoing on new mixed-use opportunities in both Nodes 1 and 5.

SOCIETAL VALUE CREATION

Sibaya enhances the property offering in Durban and is seen as one of the pillar developments within the Aerotropolis, as it offers unique mixed-use development stock located close to Dube TradePort.

The Sibaya Conservation Trust that will manage all the forests, wetland and open spaces has been successfully established with the first environmental restoration projects currently underway.

DEVELOPMENT PROGRESS

Heleza Boulevard, a spinal road through Node 1, and ancillary services have been completed. A total of five developments are currently under construction, whilst Ocean Dune has just been practically completed.





SIBAYA NODE 4

Greater uMhlanga

103 DEVELOPABLE HECTARES

■ NEGOTIATIONS UNDERWAY: 80 HECTARES

OVERVIEW

The next logical phase following the extensive sales in Nodes 1 and 5, Node 4 offers a number of alternative opportunities with ease of access and high visibility to national and provincial road networks.

DEMAND DRIVERS



- Affordable and mid-market to high-end residential
- Urban amenities
- Office
- Retirement

COMMERCIAL TRANSACTIONS

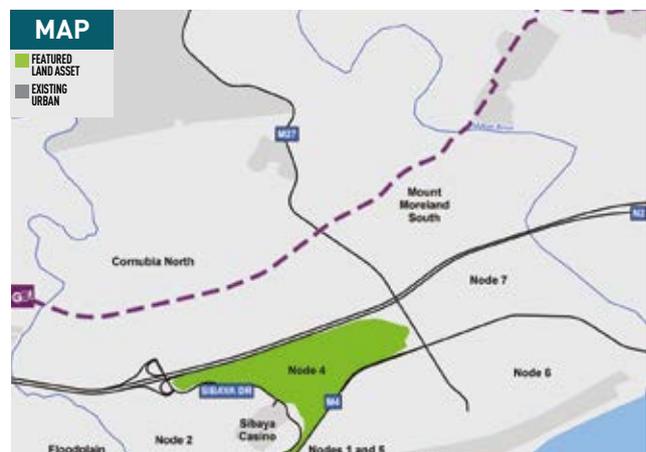
A number of negotiations are currently underway for large-scale residential, retirement and commercial developments.

SOCIETAL VALUE CREATION

Expected to generate 4 504 permanent jobs and total investment of over R6 billion on completion.

DEVELOPMENT PROGRESS

Infrastructure currently being installed for Nodes 1 and 5 will unlock Node 4. The EIA application is advancing well.





SIBAYA NODE 6 | Greater uMhlanga

123 DEVELOPABLE HECTARES

NEGOTIATIONS UNDERWAY: 30 HECTARES

OVERVIEW

Located between the M4, uMdloti estuary and coastal town of eMdloti, this asset offers a wide range of commercial, business, residential and ancillary opportunities with ease of access and high visibility to regional road networks with extensive ocean views.

DEMAND DRIVERS



- Mid-market to high-end residential
- Urban amenities
- Offices
- Unique clusters of opportunity

COMMERCIAL TRANSACTIONS

High likelihood that the private tertiary institution will relocate to Node 6 with associated opportunities including student accommodation being negotiated.

SOCIETAL VALUE CREATION

Unique opportunity to strengthen the region's educational and tourism offering.

DEVELOPMENT PROGRESS

The EIA application has commenced. First phases will be serviced from an extension of the Node 5 infrastructure.





CORNUBIA TOWN CENTRE

Greater uMhlanga

25 DEVELOPABLE HECTARES

NEGOTIATIONS UNDERWAY: 25 HECTARES

OVERVIEW

Extension of uMhlanga Ridge Town Centre and Cornubia Mall. With adjacent major road and interchange infrastructure nearing completion, Cornubia Town Centre is poised for significant real estate investment.

DEMAND DRIVERS



- Medium and high-intensity urban mixed use
- Prime mid-market and affordable residential neighbourhood
- Premium and A-grade offices and BPO facilities
- Opportunity for city hotels
- High-intensity transit oriented development based on road and public transport accessibility
- High visibility and accessibility showroom and destination retail

COMMERCIAL TRANSACTIONS

Suitable for a single large-scale transaction of a transformational nature with negotiations ongoing with national empowerment partners.

SOCIETAL VALUE CREATION

Major impact in linking surrounding communities. Sales to date include significant black economic empowerment transactions. Anticipated to yield over 3 000 well located, affordable and mid-market high density residential units. Expected to generate over 8 000 permanent jobs with a total investment value of over R12 billion.

DEVELOPMENT PROGRESS

All rights in place. The main arterial route through the precinct, which is also the primary link to the adjacent N2 Business Park and Cornubia Business Hub is nearing completion.





CORNUBIA UMHLANGA HILLS | Greater uMhlanga

14 DEVELOPABLE HECTARES

■ NEGOTIATIONS UNDERWAY: 14 HECTARES

OVERVIEW

The hive of activity in the region, with the construction of various infrastructure projects (IRPTN C9 route and N2 interchange upgrades) and the continued momentum of other developments such as Makro in the adjacent N2 Business Park continues to facilitate interest in the uMhlanga Hills product.

DEMAND DRIVERS



- Affordable to mid-market, medium to high-density residential, with associated urban amenities
- Transit-oriented development possibilities
- Affordable education serving surrounding residential
- Retirement

COMMERCIAL TRANSACTIONS

Negotiations are ongoing on the remaining sites within uMhlanga Hills with a number of wholly-owned empowered developers.

SOCIETAL VALUE CREATION

1 376 Affordable residential units have already been committed to, together with a new affordable school. These investments are complementary to the eThekwin Municipality's integrated rapid public transport network.

DEVELOPMENT PROGRESS

Subdivision and rezoning process is well progressed. Installation of services is expected to commence in the fourth quarter of 2018, for completion in the fourth quarter of 2019.





CORNUBIA BLACKBURN EXTENSION

Greater uMhlanga

14 DEVELOPABLE HECTARES

NEGOTIATIONS UNDERWAY: 14 HECTARES

OVERVIEW

A collaborative planning process to create a joint development concept, with a wholly owned black specialist housing development company and eThekweni Municipality is continuing. The development concept is focused on the north-east quadrant of Cornubia, which includes eThekweni Municipality and Tongaat Hulett owned land.

DEMAND DRIVERS



- Affordable neighbourhoods, medium to high-density residential
- Associated urban amenities

COMMERCIAL TRANSACTIONS

Transaction pending completion of detailed planning and layout finalisation together with feasibility study.

SOCIETAL VALUE CREATION

Upgrading and integration of the existing neighbouring informal settlement will form part of the development plan, thereby improving the lives of over 2 500 families currently living in the area, and facilitating a truly integrated inclusionary, mixed-use neighbourhood. The development of an affordable residential neighbourhood immediately adjacent to new employment opportunities being created.

DEVELOPMENT PROGRESS

EIA Approved. Detailed layout plan ongoing. Extension of, and linkage into, services currently being installed for N2 Business Park.





BRIDGE CITY

Greater uMhlanga

6 DEVELOPABLE HECTARES

NEGOTIATIONS UNDERWAY: 2 HECTARES

OVERVIEW

Bridge City is a relatively mature development, with only 14 sub divisions still available. Approximately 95 percent of internal and bulk infrastructure has been constructed. The first phase of GO!Durban's IRPTN network is practically complete and is ready for commissioning.

DEMAND DRIVERS



- High-intensity urban mixed use incorporating retail, offices, residential, urban amenities, regional state hospital and regional magistrates court
- Centrally located and accessible business estate
- Integrated affordable neighbourhoods

COMMERCIAL TRANSACTIONS

Ongoing negotiations with developers for new retail, residential and urban amenity opportunities.

SOCIETAL VALUE CREATION

A formal joint venture between Tongaat Hulett and eThekweni Municipality, the Bridge City development precinct has seen a significant shift towards the delivery of residential development schemes, which entrenches the mixed-use component of this development and supports the eThekweni Municipality's GO!Durban IRPTN.

DEVELOPMENT PROGRESS

Service infrastructure completed. Hospital construction well advanced with the first affordable housing development now under construction.





KINDLEWOOD

Greater uMhlanga

9 DEVELOPABLE HECTARES

NEGOTIATIONS UNDERWAY: 9 HECTARES

OVERVIEW

Last remaining phase of the highly successful Kindlewood Residential Estate.

DEMAND DRIVERS



- Mid-market to high-end residential
- Low to medium density, well located with substantial amenities
- Retirement

COMMERCIAL TRANSACTIONS

Engagements are ongoing with a number of local developers.

SOCIETAL VALUE CREATION

The development has delivered a residential neighbourhood substantially integrated across a diverse demographic profile. The development includes a significant open space system, successfully rehabilitated and sustainably maintained.

DEVELOPMENT PROGRESS

All infrastructure in place. Mount Edgecombe Retirement Village construction progressing well. Currently home to 225 families.





TINLEY | Ballito and Surrounds

319 DEVELOPABLE HECTARES

NEGOTIATIONS UNDERWAY: 66 HECTARES

OVERVIEW

Prime seafront land adjacent to an expansive beach area ideally suited for a resort and a wide range of residential developments. An international resort operator has formalised its desire to operate a new, international beach resort on the site which is accessible for international visitors through King Shaka International Airport.

DEMAND DRIVERS



- Coastal resort catering to domestic and international tourism markets
- Town centre with retail and office components
- Residential, resort, hotel and fractional ownership potential
- Leisure tourism
- Retirement

SOCIETAL VALUE CREATION

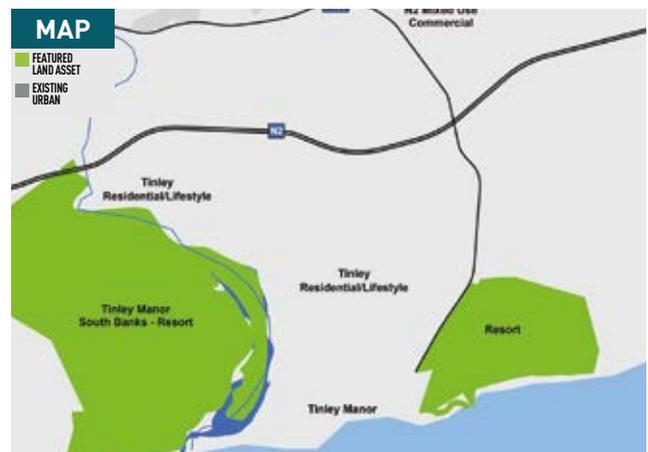
Anticipated to act as a catalyst for accelerated tourist related development on the KwaZulu-Natal north coast. Increase in tourism will catalyse ancillary economic activities. Mutual efforts in collaboration with the KwaZulu-Natal Provincial Government present the opportunity to solicit national and international brands looking at opportunities to establish themselves in KwaZulu-Natal.

DEVELOPMENT PROGRESS

Released from Agriculture. EIA approval received for southern precinct. EIA underway for beach resort opportunity. Infrastructure to be unlocked in line with development phasing in collaboration with KwaDukuza Local and Ilembe District Municipalities.

COMMERCIAL TRANSACTIONS

Following the approval of the EIA, 28 developable hectares have been sold for high-end residential use. Opportunities for further sizeable residential and retirement packages are being reviewed with prospective investors. International resort operator has formally committed to the opportunity and has collaborated in the appointment of Jones Lang LaSalle who are spearheading the investment offering into the local and international market place.





INYANINGA EAST - AFFORDABLE HOUSING

Airport Region

93 DEVELOPABLE HECTARES

NEGOTIATIONS UNDERWAY: 30 HECTARES

OVERVIEW

Well located, gently sloping land along the R102, ideal for medium to high-density affordable to mid-market residential uses as a southern extension to oThongathi.

DEMAND DRIVERS



- Residential
- Urban amenities

COMMERCIAL TRANSACTIONS

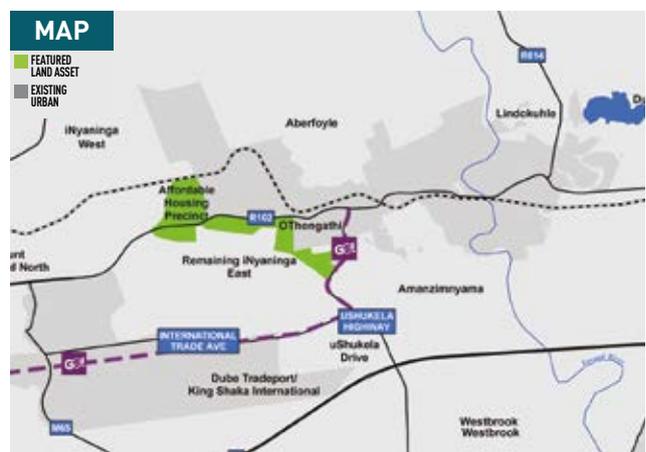
Negotiations with a number of national developers are ongoing for mid-market, affordable and urban amenity opportunities

SOCIETAL VALUE CREATION

The delivery of 3 000 quality affordable residential homes in three distinct precincts on the edge of oThongathi providing new investment and ownership opportunities and addressing an extreme shortage of housing for employees in the area.

DEVELOPMENT PROGRESS

EIA approved. Zoning application for first phase in progress with application for phase 2 being finalised. Infrastructural requirements positioned within the Durban Aerotropolis Strategy and Master Plan. Includes potential to link into existing infrastructure of oThongathi.





NTSHONGWENI RETAIL AND URBAN CORE

Greater Hillcrest

64 DEVELOPABLE HECTARES

OVERVIEW

An eThekweni Municipality Catalytic Project facilitated by provincial Department of Economic Development, Tourism and Environmental Affairs. Anchored by a future regional shopping centre anticipated to open in 2021, the precinct offers significant opportunities for high intensity mixed use and commercial uses along very similar lines to the uMhlanga Ridge Town Centre and Gateway Theatre of Shopping.

DEMAND DRIVERS



- High-intensity urban mixed use
- Urban amenities
- Business park
- Offices
- Various residential markets in an urban setting

COMMERCIAL TRANSACTIONS

Commercial, mixed-use and residential development packages are being assembled for engagement with the market.

SOCIETAL VALUE CREATION

This land asset is expected to see a total investment of over R12 billion, generating 132 000 full time equivalent construction jobs and 14 000 permanent jobs, and rates generation of R206 million per annum.

DEVELOPMENT PROGRESS

Released from agriculture. EIA approved, zoning in final stages of approval. Infrastructural solutions now being finalised.





NTSHONGWENI LOGISTICS & BUSINESS PARK

Greater Hillcrest

161 DEVELOPABLE HECTARES

OVERVIEW

Located within the next development node to the west of Durban, some 30 kilometres from the Durban port along the Durban-Gauteng SIP2 logistics corridor, this precinct offers substantial sought after logistics, warehousing and business opportunities.

DEMAND DRIVERS



- Warehousing, logistics, industrial, business park, manufacturing
- Destination warehouse retailing

COMMERCIAL TRANSACTIONS

Engagements continuing with multiple local developers with a focus on black-owned business. End-user demand provides an opportunity for a single, structured transaction.

SOCIETAL VALUE CREATION

The development will play a key role in the SIP2 corridor from Durban to Gauteng, strengthening the logistics capacity due to easy national freeway access. Substantial new employment opportunities within a region currently experiencing high unemployment. Total investment with building construction activities of R10 billion, with 70 000 construction jobs and 6 500 permanent jobs created.

DEVELOPMENT PROGRESS

Released from Agriculture with EIA now well advanced. Multi stakeholder steering committee facilitated by the Department of Economic Development, Tourism and Environmental Affairs and eThekweni Municipality continuing to drive infrastructural solutions to unlock the precinct.





CORNUBIA N2 BUSINESS PARK

Greater uMhlanga

2 DEVELOPABLE HECTARES

OVERVIEW

All bulk earthworks for the Fortress/Giuricich development have been completed and the construction of the first development top structure, a new Makro store for Massmart, is well underway.

DEMAND DRIVERS



- Warehousing, logistics, industrial, business park, manufacturing and big box retail

COMMERCIAL TRANSACTIONS

Market interest remains strong with transactions pending consolidation of adjacent property for optimal value.

SOCIETAL VALUE CREATION

The close proximity of this development to existing future settlements presents significant socio-economic opportunity for the greater community.

DEVELOPMENT PROGRESS

Construction of primary road that will provide access well advanced, linking to the uMhlanga Ridge Town Centre, N2, M41 and Cornubia Business Hub.





IZINGA FUTURE PHASE

Greater uMhlanga

60 DEVELOPABLE HECTARES

OVERVIEW

Providing for the extension of the successful Izinga development based around a range of residential typologies and products as well as urban amenities.

DEMAND DRIVERS



- Residential
- Urban amenities

COMMERCIAL TRANSACTIONS

Strong market interest for new residential and urban amenity uses. A number of national developers being engaged on the opportunity.

SOCIETAL VALUE CREATION

Opportunity for additional urban amenity in support of surrounding growing Izinga, together with new employment opportunities.

DEVELOPMENT PROGRESS

EIA being amended to provide for additional residential and urban amenity opportunities. Infrastructure already in place to accommodate this demand.





LA MERCY WEST - PHASE 1 | Airport Region

30 DEVELOPABLE HECTARES

OVERVIEW

Unique geotechnical and soil conditions provide a rare opportunity for memorial park or cemetery use.

DEMAND DRIVERS



- Urban amenities

COMMERCIAL TRANSACTIONS

Significant shortage of supply in the region for cemeteries with the opportunity for a large, structured transaction with national players. Also offers a transformation opportunity in property ownership and development.

SOCIETAL VALUE CREATION

The response to a regional need in a market of critical undersupply.

DEVELOPMENT PROGRESS

EIA application has commenced. Proposed use requires limited infrastructure with capacity in close vicinity.





COMPENSATION EAST | Airport Region

73 DEVELOPABLE HECTARES

OVERVIEW

Specifically identified in the Durban Aerotropolis master plan as a lead initiative that has the potential to create a new urban hub based on logistics, technology and mixed-use.

DEMAND DRIVERS



- Manufacturing, warehousing, logistics, industrial, business park and warehouse retail
- Offices
- Residential with associated amenities

COMMERCIAL TRANSACTIONS

Engagement with various potential investors, developers and end-users continuing as the region continues to grow and consolidate.

SOCIETAL VALUE CREATION

Will address scarcity of industrial sites suitable for large-scale manufacturing and logistics around Durban as well as providing for affordable residential opportunities which are easily accessible and adjacent to employment. Anticipated to be a significant employment centre for KwaDukuza facilitating private sector investment of R7,5 billion and R170 million in annual rates generation, plus 4 000 permanent jobs. Opportunity for diversity of employment and enterprise potential in the region.

DEVELOPMENT PROGRESS

Released from Agriculture with EIA Approval. Zoning application being refined to provide for a broader mix of opportunities. Infrastructural solutions in place in collaboration with the Ilembe District Municipality and KwaDukuza Municipality, pending development execution.





USHUKELA DRIVE

Airport Region

49 DEVELOPABLE HECTARES

OVERVIEW

The next logical area of supply as space within the Dube TradePort Tradezone fills up. Incredible exposure and access to both the N2 and Ushukela Drive offer a range of other commercial and business opportunities.

DEMAND DRIVERS



- Warehousing, logistics, industrial, business park, manufacturing
- Destination warehouse retailing
- Offices
- Unique clusters of opportunity related to airport linkage

COMMERCIAL TRANSACTIONS

Remains a key short term opportunity within the Aerotropolis. Multiple engagements ongoing with potential for a large, single transaction.

SOCIETAL VALUE CREATION

Support to government-led initiatives related to the airport and Dube TradePort. Creation of 60 000 full-time equivalent construction jobs and over 4 000 permanent jobs in a region with high current unemployment rates. Planned investment of over R6 billion from building construction activity.

DEVELOPMENT PROGRESS

Released from Agriculture. EIA being undertaken in collaboration with Dube TradePort now well advanced. Infrastructural requirements positioned within the Durban Aerotropolis Strategy and Master Plan.





REMAINING SITES ON NEARLY COMPLETED DEVELOPMENTS

22 DEVELOPABLE HECTARES

OVERVIEW

Small, ad hoc portions of remaining land within, or adjacent to, completed developments offering niche opportunities for developers or acquisition by adjacent landholders.

DEMAND DRIVERS



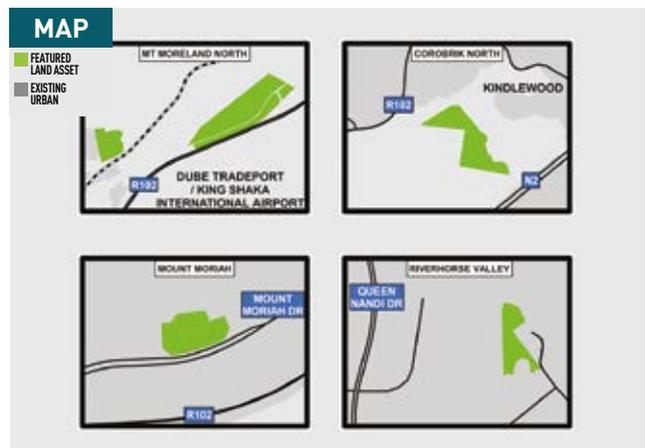
- Residential
- Industrial
- Urban amenities

COMMERCIAL TRANSACTIONS

To be sold on an 'as is' basis. Various engagements on these limited opportunities ongoing with potential purchasers.

SOCIETAL VALUE CREATION

The remaining sites act as opportunities for densification, small development and integrating neighbouring land uses.





DETAILED SHEETS FOR AREAS FROM WHICH REMAINING SALES ARE EXPECTED TO COME OVER THE NEXT 5 YEARS

DEMAND DRIVER ICONS

- | | |
|--|---|
|  HIGH-INTENSITY URBAN MIXED USE |  TOURISM |
|  PREDOMINANTLY RESIDENTIAL NEIGHBOURHOODS |  OFFICE MARKET |
|  URBAN AMENITIES FOR RESIDENTIAL NEIGHBOURHOODS |  WAREHOUSING, LOGISTICS, INDUSTRIAL, BUSINESS PARK, MANUFACTURING AND BIG-BOX RETAIL |
|  RETIREMENT |  UNIQUE CLUSTERS OF OPPORTUNITY |



CORNUBIA
MARSHALL DAM TOWN CENTRE AND CONSOLIDATING URBAN
 Greater uMhlanga

82 DEVELOPABLE HECTARES

OVERVIEW

The precinct is situated in the heart of Cornubia along the municipality's GO!Durban IRPTN routes linking Bridge City and the airport to uMhlanga and the city centre. It is perfectly positioned for high intensity mixed use, residential and commercial uses.

DEMAND DRIVERS



SOCIETAL VALUE CREATION

Well located development that can facilitate public transport solutions with high intensity, mixed use offering urban amenities and housing opportunities for a wide spectrum of society.

DEVELOPMENT PROGRESS

EIA approved. Detailed planning ongoing. Construction of Cornubia Boulevard running through the precinct and the GO!Durban route from Bridge City and the Airport, due to commence following the municipality's procurement processes.



CORNUBIA NORTH
INTEGRATED AFFORDABLE NEIGHBOURHOOD BUSINESS PRECINCT AND CEMETERY OPPORTUNITY
 Greater uMhlanga

202 DEVELOPABLE HECTARES

OVERVIEW

Ease of access from the existing N2/Sibaya interchange together with high exposure to the N2 highway provide compelling reasons for business and commercial uses in support of integrated residential neighbourhoods along the main arterial linking uMhlanga to the airport that will include one of the municipality's GO!Durban IRPTN routes. In response to a massive shortage of supply together with appropriate geotech and soil conditions, opportunities for a cemetery are being explored with associated transformation opportunities in a structured transaction.

DEMAND DRIVERS



SOCIETAL VALUE CREATION

Allows for the extension of the existing successful Cornubia collaboration to establish significant scale and impact. Cemetery opportunity can respond to an increasing need in the region.

DEVELOPMENT PROGRESS

Released from agriculture. EIA process for the affordable neighbourhood and business precinct pending whilst broader planning and infrastructural solutions are finalised. An EIA on a potential cemetery opportunity is expected to commence within the next period.





SIBAYA NODES 2 & 3

Greater uMhlanga

134 DEVELOPABLE HECTARES

OVERVIEW

Situated between the Sibaya Casino and Ohlanga estuary, expansive rolling hills with breathtaking ocean and estuary views offer prime residential and other niche opportunities.

DEMAND DRIVERS



SOCIETAL VALUE CREATION

Opportunity for special high-end residential, environmental and recreational activities towards the creation of a new destination for the region.

DEVELOPMENT PROGRESS

Development concepts progressing in line with potential demand. Infrastructure to service Node 1 has largely opened up the precinct for development when appropriate.



INYANINGA EAST LOGISTICS & BUSINESS PRECINCT

Airport Region

457 DEVELOPABLE HECTARES

OVERVIEW

A major component of the Durban Aerotropolis - enabling the creation of a multi-modal logistics platform with direct linkage to Dube TradePort.

DEMAND DRIVERS



SOCIETAL VALUE CREATION

Substantial new employment opportunities from a unique industrial and logistics offering.

DEVELOPMENT PROGRESS

Released from agriculture, EIA approved. A key project within the Durban Aerotropolis.





INYANINGA WEST

Airport Region

187 DEVELOPABLE HECTARES

OVERVIEW

Situated on the western slopes of Inyaninga, this precinct offers opportunities for a range of residential neighbourhoods and associated urban amenities.

DEMAND DRIVERS

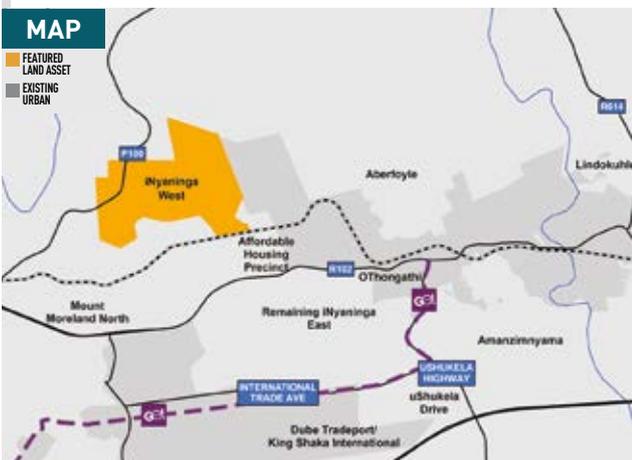


SOCIETAL VALUE CREATION

This development has the potential to yield approximately 10 000 residential units. Supporting the adjacent commercial and industrial growth nodes within the broader Aerotropolis area.

DEVELOPMENT PROGRESS

Released from agriculture, EIA approved. Detailed development concept being finalised with key stakeholders.



LINDOKUHLE

Airport Region

52 DEVELOPABLE HECTARES

OVERVIEW

Natural infill development providing well located land for a range of residential neighbourhoods and associated urban amenities.

DEMAND DRIVERS

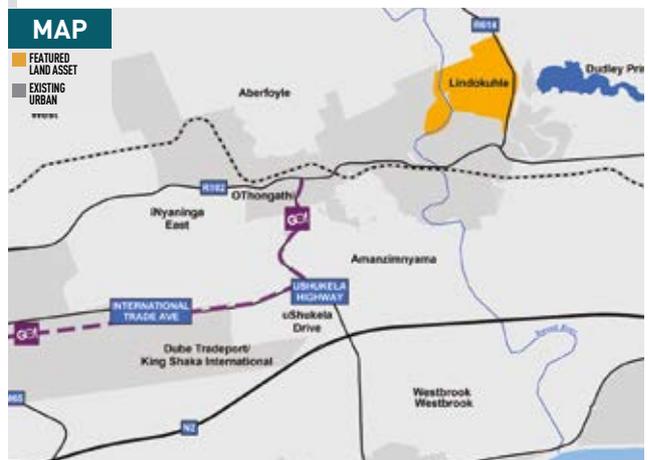


SOCIETAL VALUE CREATION

Has the potential to deliver up to 4 000 units across a range of affordability, tenure and typologies, providing new housing opportunities in a region with limited current supply.

DEVELOPMENT PROGRESS

Released from Agriculture. Progress on EIA pending development concept refinement in response to market dynamics.





DUDLEY PRINGLE

Airport Region

86 DEVELOPABLE HECTARES

OVERVIEW

Highly attractive natural environment on the edge of oThongathi lending itself to a wide range of residential opportunities.

DEMAND DRIVERS



SOCIETAL VALUE CREATION

Has the potential to deliver up to 3 000 homes in an integrated community and providing impetus to local economic development.

DEVELOPMENT PROGRESS

Released from Agriculture. Progress on EIA pending broader collaboration with adjacent landowners on an integrated subregional planning framework.



ABERFOYLE

Airport Region

231 DEVELOPABLE HECTARES

OVERVIEW

Central location within oThongathi with future Western Bypass regional arterial running through providing opportunities for a wide variety of urban uses.

DEMAND DRIVERS



SOCIETAL VALUE CREATION

Has the potential to deliver over 6 000 residential units across a range of affordability, tenure and typologies.

DEVELOPMENT PROGRESS

Development concept in place. Formal development rights processes to proceed at appropriate stage in collaboration with provincial and municipal authorities.





AMANZIMNYAMA

Airport Region

345 DEVELOPABLE HECTARES

OVERVIEW

With high exposure to the N2 to the north of the airport, this precinct is superbly located and accessible for business, logistics and industrial uses.

DEMAND DRIVERS

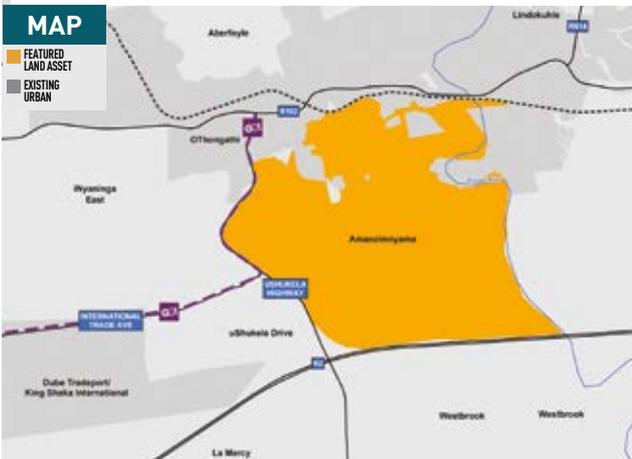


SOCIETAL VALUE CREATION

Significant potential for new employment opportunities from new industrial, business and commercial potential. Includes environmental and recreational assets which will enhance the region's natural environment.

DEVELOPMENT PROGRESS

Concept framework completed in line with Aerotropolis Master Plan. Formal development rights processes to proceed at appropriate stage in collaboration with provincial and municipal authorities.



COMPENSATION WEST

Airport Region

152 DEVELOPABLE HECTARES

OVERVIEW

Extensive amount of flat land with direct access onto the R102 available for general industrial uses. No other opportunities in the region for large, platformed industrial properties. Development concept being refined in conjunction with Compensation East to potentially broaden the scope of activities to enable a fully integrated industrial node incorporating employee housing and urban amenity opportunities.

DEMAND DRIVERS



SOCIETAL VALUE CREATION

Unique, large-scale industrial opportunities. Ability to enhance the economic sectoral diversity of the region with significant employment opportunities.

DEVELOPMENT PROGRESS

Released from agriculture, EIA approved. Zoning application is pending concept refinement.





NTSHONGWENI RESIDENTIAL

Greater Hillcrest

57 DEVELOPABLE HECTARES

OVERVIEW

Nestled within the Assagay Valley below Hillcrest and with its own unique amenity, this infill land holds substantial potential for a range of residential uses.

DEMAND DRIVERS

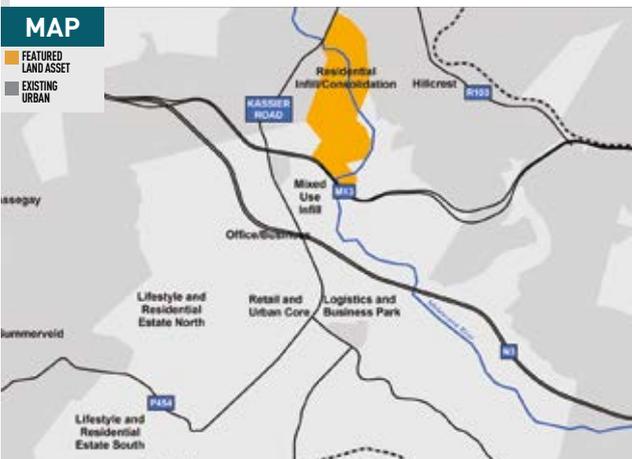


SOCIETAL VALUE CREATION

Infill development to complement and enhance surrounding uses and activities. Provides a key regional linkage from an environmental and recreational perspective.

DEVELOPMENT PROGRESS

Released from Agriculture. Detailed planning on layout and typology in response to market dynamics underway as part of the EIA process.



NTSHONGWENI INTEGRATED RESIDENTIAL EXPANSION AND RECREATIONAL

Greater Hillcrest

108 DEVELOPABLE HECTARES

OVERVIEW

This precinct provides opportunities to respond to the socio-economic needs of the adjacent communities through new housing and urban amenities. It also offers significant environmental and recreational opportunities linking into existing facilities at both Giba Gorge and Ntshongweni Dam.

DEMAND DRIVERS

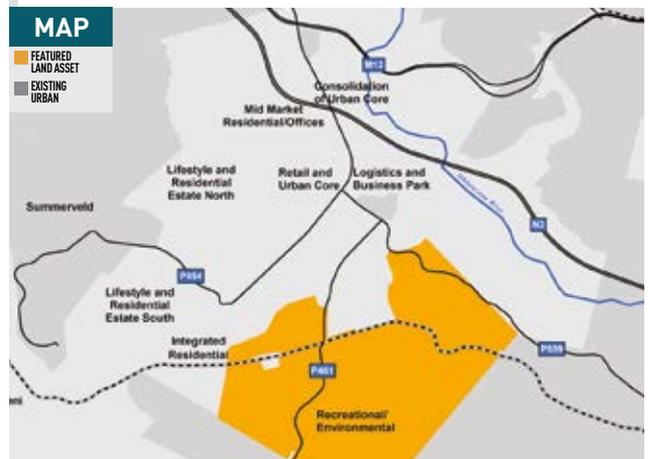


SOCIETAL VALUE CREATION

This precinct has the potential to deliver between 5 000 and 10 000 units of well located, quality residential opportunities for a diverse range of typologies, affordabilities and tenure options. The scale, nature and spatial planning will ensure that this precinct will be well integrated into the broader region.

DEVELOPMENT PROGRESS

Released from Agriculture. Detailed planning underway to identify short-term public sector facilitated residential neighbourhood opportunities.





NTSHONGWENI MID MARKET RESIDENTIAL AND OFFICES

Greater Hillcrest

39 DEVELOPABLE HECTARES

OVERVIEW

This precinct lies adjacent to the Retail and Urban Core and is well positioned for appropriate medium density residential opportunities together with office potential with exposure to the N3.

DEMAND DRIVERS

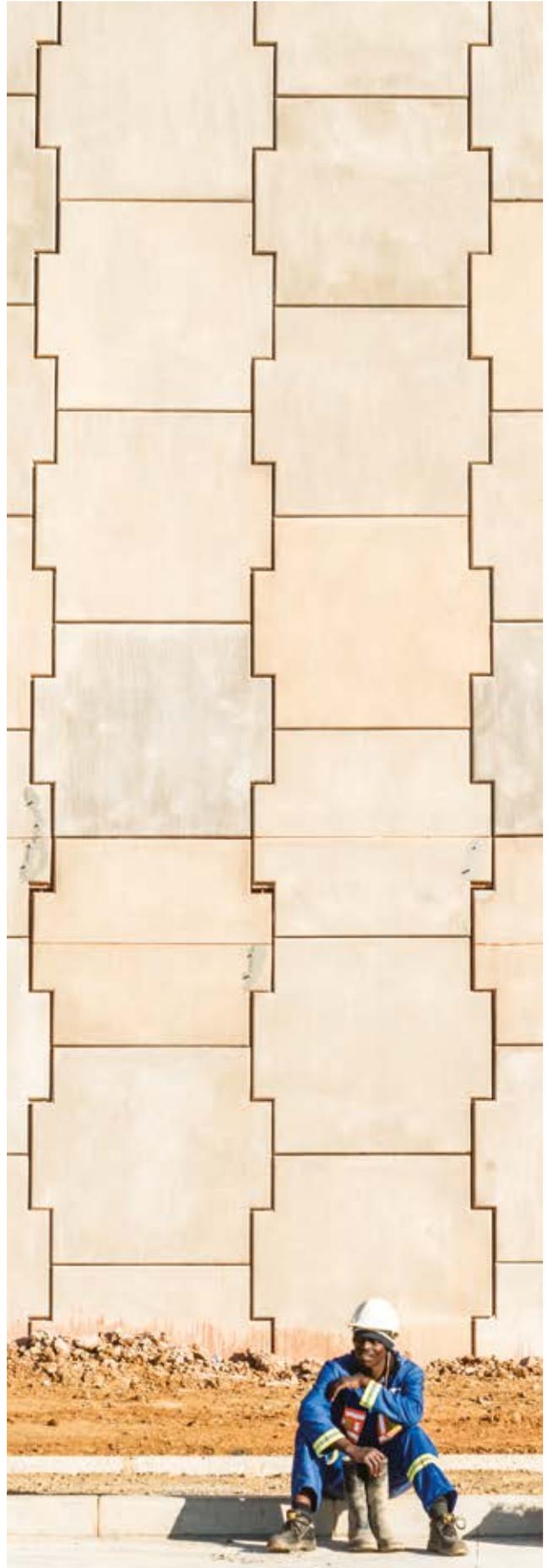


SOCIETAL VALUE CREATION

This precinct has the potential to deliver some 2 500 mid-market residential units directly adjacent to the retail and urban core.

DEVELOPMENT PROGRESS

Released from Agriculture. Development rights pending the unlocking of the first phases of Ntshongweni.



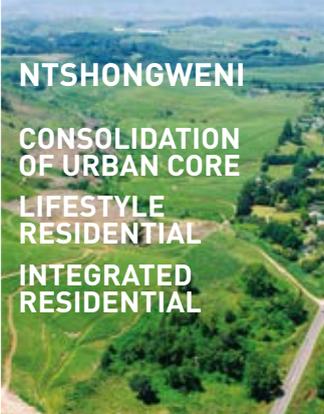


**AREAS WHERE SALES ARE
ANTICIPATED BEYOND 5 YEARS**

AREAS WHERE SALES ARE ANTICIPATED BEYOND 5 YEARS

The commercial strategies in an ever changing environment are being positioned to allow for development opportunities that are likely to occur beyond five years. Opportunities to drive demand and value are being taken as they emerge, together with the development approval processes and infrastructural requirements to optimise eventual returns. The appropriate phase of Tongaat Hulett's embedded land development social programme is activated as each stage of the developmental process progresses. Opportunities for value realisation at an earlier stage are continuously assessed. The following table summarises the broad factors relevant to each of these land assets:

AREAS	DEVELOPABLE HECTARES	OPPORTUNITY
 <p>CORNUBIA NORTH</p>	422	Situated within the heart of the emerging Aerotropolis, this land asset represents the natural extension of Cornubia. It will offer a range of integrated residential neighbourhoods with associated urban amenities together with industrial and commercial opportunities. GO!Durban IRPTN route runs through the asset.
 <p>SIBAYA NODE 7</p>	79	This land asset is situated between the M4 and N2 with high visibility exposure to these regional and national transport networks offering significant commercial and business opportunities that will be fuelled by the development of Nodes 4 and 6.
 <p>WESTBROOK</p>	422	Overlooking the Tongati River with sweeping north aspect ocean, forest and estuary views, Westbrook offers opportunities for a wide range of residential and associated amenity uses, with potential for commercial and mixed use development along the N2 highway which forms the western boundary of the asset. This area is likely to experience growing demand as Ballito/Zimbali expands southward and the airport region grows northwards.
 <p>MT MORELAND SOUTH</p>	279	This land asset represents an infill between the northern expansion of Cornubia and the southern expansion of King Shaka International Airport and Dube TradePort with envisaged uses incorporating offices, high-intensity urban mixed-use, integrated residential neighbourhoods, warehouse, and logistics, industrial and manufacturing as part of the Aerotropolis Master Plan.
 <p>LA MERCY</p>	585	The emerging Aerotropolis will require this land asset to incorporate high-end markets, office and warehousing, logistics, industrial and manufacturing, government-subsidised, affordable and mid-market housing and associated urban amenities. Exposure and access from the N2 highway are key drivers of usage and value.
 <p>TINLEY NORTH</p>	311	This land asset will incorporate high-end markets, resort, high-intensity urban mixed use, office, affordable and mid-market housing and represents the logical growth and expansion of Tinley Manor. The successful conclusion of agreements leading to the establishment of an integrated beach resort has the potential to catalyse acceleration of the development.

AREAS	DEVELOPABLE HECTARES	OPPORTUNITY
 <p>ZINKWAZI / THUKELA</p>	1 448	These land assets will incorporate high-end markets and tourist related activities given their unique beachfront location. They also offer opportunities to meet local specific demand requirements from a residential neighbourhood and urban amenities perspective.
 <p>DESCROIZILLES</p>	48	This land asset offers the potential opportunity for public sector facilitated, integrated, affordable and mid-market residential and associated urban amenities.
 <p>NTSHONGWENI CONSOLIDATION OF URBAN CORE LIFESTYLE RESIDENTIAL INTEGRATED RESIDENTIAL</p>	657	<p>Consolidation of Urban Core (43 developable hectares) Natural growth and consolidation of the Ntshongweni retail and urban core is centred around the N3 and M13 regional road networks, with opportunities for high-intensity urban mixed use and offices.</p> <p>Lifestyle Residential (429 developable hectares) This is a natural extension of the Summerveld equestrian and high-end residential environment with a mix of densities and typologies.</p> <p>Integrated Residential (185 developable hectares) This precinct has the potential to deliver between 5 000 and 10 000 units of well located, quality residential opportunities for a diverse range of typologies, affordabilites and tenure options.</p>

AT 31 MARCH 2018 - AREAS WHERE SALES ARE ANTICIPATED BEYOND 5 YEARS

AREA	Developable hectares
Cornubia North - Remaining ¹	422
Sibaya - Node 7 ²	79
Westbrook	422
Mt Moreland South	279
La Mercy ³	585
Tinley North	311
Zinkwazi / Thukela	1 448
Descroizilles	48
Ntshongweni - Consolidation of Urban Core ⁴	43
Ntshongweni - Lifestyle Residential	429
Ntshongweni - Integrated Residential ⁵	185
GRAND TOTAL	4 251

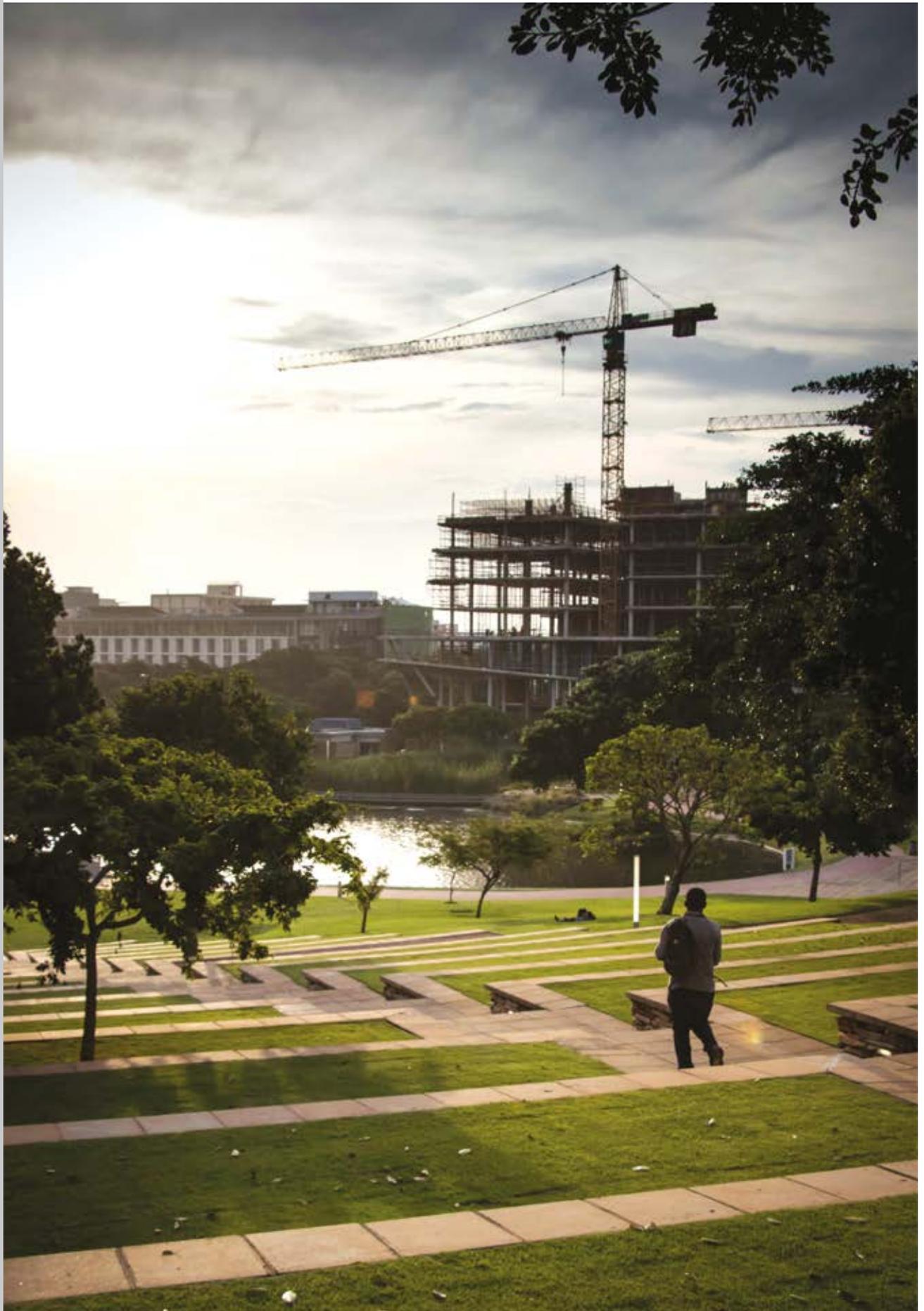
1. 30 Developable hectares in Cornubia North transferred to Areas from which remaining Sales are expected to come over the next 5 years

2. Node 6 transferred to Areas where negotiations are ongoing

3. The portion of La Mercy that was transferred to Areas where negotiations are expected to commence has been reduced by 20 hectares

4. Portion of Ntshongweni Consolidation of Urban Core transferred to Areas from which sales are expected to come over the next 5 Years as Mid Market Residential and Offices

5. Ntshongweni Integrated Residential transferred from Areas from which remaining sales are expected to come over the next 5 years





KEY CONCEPTS AND DEFINITIONS

HECTARES

Gross hectares refers to the total area of land, defined by a line around its boundary. It is a reasonably accurate figure, amended only through refined detailed survey.

Within the gross hectares of a land asset, some portions are allocated for purposes other than development, including land that is environmentally important, very steep or geologically unsuitable. Deducting the areas of these undevelopable portions from the gross hectare area results in an approximate area of developable hectares of land that is suitable for development. Early assessments are made of the developable extents of all land assets and are refined as planning progresses through various stages.

Intensity of use is measured by the total floor area or number of residential units located on a hectare of land and can vary widely for different land uses. Generally Tongaat Hulett's planning processes strive for an appropriately high intensity of use.

CATEGORISATION OF THE LAND PORTFOLIO

Based on expected demand under current market conditions, the anticipated progress on the supply side enablers to shovel ready, including release from agriculture, planning processes and infrastructural availability, and the intended commercial approach and style of selling, the land portfolio is categorised as follows:

AREAS WHERE NEGOTIATIONS WITH PROSPECTIVE BUYERS ARE ONGOING

Areas comprising a total of 768 developable hectares contain 300 developable hectares as tabulated on page 6, over which negotiations with prospective buyers are ongoing reflecting a diversity of Demand Drivers.

The nature of the transactions being negotiated is selected to suit the market sector, optimise value created and achieve transformation objectives and accelerated investment into the region.

AREAS WHERE ENQUIRIES ARE BEING RECEIVED AND NEGOTIATIONS ARE EXPECTED TO COMMENCE

In addition to the areas where negotiations are currently underway, enquiries continue to be received across the land portfolio, covering some 461 developable hectares across a wide range of Demand Drivers and geographic locations as tabulated on page 6.

AREAS FROM WHICH REMAINING SALES ARE EXPECTED TO COME OVER THE NEXT FIVE YEARS

Some 2 132 developable hectares make up the balance of the 3 361 developable hectares from which sales are expected to come over the next five years. This is land located in areas that enjoy substantial government policy support for conversion, on which the various processes towards shovel ready have commenced and are progressing well, where processes are underway to ensure availability of the necessary infrastructure and where it is assessed that demand from one or more of the Demand Drivers will occur.



AREAS WHERE SALES ARE ANTICIPATED BEYOND A 5 YEAR PERIOD

For land in this category, ongoing analysis is carried out on changing market dynamics, infrastructural developments, social and economic context and government strategies and policy, to ensure the early identification of opportunities in order to accelerate the process of conversion. Progress on planning processes is made in collaboration with stakeholders towards moving these land assets closer to shovel ready state at the appropriate time.

The key objective of the land conversion process is to create value by unlocking investment and economic activity, while driving transformation of ownership and participation in the real estate value chain.

EXPANDED COMMERCIAL TRANSACTING STYLES

Successful land conversion is inherently a collaborative partnership, with a range of stakeholders, and each set of circumstances is unique and requires a fit-for-purpose solution. Thus, a deliberate strategy continues to be implemented to widen the range of commercial transacting options beyond simply the sale of shovel ready sites, to include transactions that address specific requirements - such as increasing financial returns, unlocking targeted infrastructural investment and Demand Drivers, and achieving transformational goals.

Particular elements of the strategy where progress is being made are:

- Creating opportunities for developers and uses that require scale and a longer development pipeline that will span multiple years and often large or sometimes multiple land opportunities;
- Achieving portfolio diversity where other skills, relationships, empowerment credentials and financial capabilities can be brought in alongside those of Tongaat Hulett, thereby accelerating and enhancing achievement of desired outcomes;
- Achieving greater value for shareholders through increased returns per hectare of land, earlier cash conversion and reduced development cost commitments;
- Energising and enabling greater activity by collaborating parties in attracting and addressing the ultimate Demand Drivers;
- Unlocking particular opportunities such as affordable housing, mixed-use precincts and various unique clusters that benefit from specific land solutions to enhance their success;
- Rendering various development initiatives more bankable, thereby accelerating investment in the region;
- Achieving transformation and empowerment objectives spanning the property development and investment value chain.

The strategy continues to evolve and offers increasing opportunities where Tongaat Hulett's processes, underpinned by the land assets, become the catalyst for increasing volumes of bankable, transformative real estate development and investment projects.

FINANCIAL OUTCOMES FROM LAND CONVERSION

Revenue from land sales is impacted by land usage and density, unit pricing, commercial approach and timing. Land preparation entails investment into planning the land use, applying for



stages during or after the development of building improvements on the land; continued ownership of income producing assets on the land or lease of the underlying land asset for purposes of erection of buildings by others.

The benefits and risks of various combinations of the above strategies and their application to particular landholdings and contexts are being explored.

In this document, where an indication of profit, or of a range of profit, is provided, it is based on current market dynamics and what is currently being achieved or calculated to be achievable through traditional land sale approaches. The profit indication is the cash profit after costs, without any escalation or discounting for time.

APPROVAL FOR RELEASE FROM AGRICULTURE

In terms of the subdivision of Agricultural Land Act 70 of 1970, the conversion of land from agriculture to other uses requires formal approval for release from agriculture. This involves both the provincial and national departments of agriculture, and requires confirmation of alignment with the prevailing provincial and municipal strategic and spatial plans.

Tongaat Hulett's developmental process is in line with both provincial and municipal strategic and spatial plans and is underpinned by its leading role in developing agriculture in KwaZulu-Natal. Some 27 000 hectares of new agriculture in the form of sugar cane have been planted over the past six years, predominantly in areas owned by black people, while optimum agricultural use throughout the process provides the foundation for sustainable urban growth and development and thus for the required policy support.

the relevant planning permissions, identifying and attracting purchasers across the range of Demand Drivers and constructing infrastructure. The difference between the revenue and the costs related to a sale in any particular landholding in the portfolio represents the operating profit generated through the sale.

The collection of the cash associated with a sale generally takes place on registration of the land in the name of the buyer. The timing of this cash collection varies with the nature of the sales concluded, with some larger transactions having a longer lead time before transfer. Cash inflows and outflows are substantial and do not coincide over a year.

Tongaat Hulett's land development processes, track record, skills and relationships, underpinned by the portfolio of prime land, represent a unique opportunity to create substantial value for a wide range of stakeholders.

In financial terms, this value could comprise three primary elements in various combinations, namely: net cash profit on sale of an asset; capital growth in the value of the land itself, adjacent land or a building developed on that land; and recurring income derived from rental or other periodic payments for the lease of land or varying intensity of improvements to that land.

Opportunities exist to make choices regarding the intensity of investment on the land, from limited planning, through varying extents of infrastructural investment, to the erection of structures on the land. Further decisions are possible concerning the timing of the commercial exit strategy, once again from the early sale of shovel-ready land (and even, in appropriate circumstances, land that is not yet shovel ready); through to exit on transfer of fully serviced sub-divisions (the prominent mechanism currently); exit at various

As of the end of March 2018, some 3 566 developable hectares have been released from agriculture, representing 47 percent of the total portfolio.

SHOVEL READY

Collaboration leading to bankable, shovel-ready real estate development and investment projects involves substantial investment over time to obtain planning permissions granted by a variety of government bodies. The key permissions include release from agriculture as well as Environmental Impact Assessments (EIA), zoning and sub-divisional approvals and Water Use Licence Applications.

A piece of land is described as shovel ready when the processes of these various approvals are sufficiently advanced that, within a short space of time (generally around six months or less) and with a high level of certainty, physical work on both infrastructure and buildings could commence. Progress towards being shovel ready is a key consideration in the ability to unlock the full value for all stakeholders from the developmental process.

Considerable progress has been made in getting land to a shovel ready status with Tongaat Hulett having invested R979 million into land earmarked for future sales to create a sound planning and infrastructure platform.

As of the end of March 2018, 185 developable hectares are shovel ready (or beyond) representing some 1,2 million square metres of bulk floor area.

**AREAS FROM WHICH THE
ANTICIPATED LAND DEVELOPMENT SALES
OVER THE NEXT 5 YEARS WERE EXPECTED TO COME
- AS AT 31 MARCH 2017**

AREAS WHERE NEGOTIATIONS WERE UNDERWAY

AREA	Developable Hectares	Hectares under current negotiation
Ridgeside - Remaining Precinct 1	6	3
Ridgeside - Precinct 2	31	17
uMhlanga Ridge Town Centre - Commercial	1	1
uMhlanga Ridge Town Centre - Residential	3	3
Kindlewood	9	9
Cornubia - Town Centre	25	25
Cornubia - uMhlanga Hills	43	43
Cornubia - Marshall Dam Residential	12	12
Cornubia - Blackburn Extension	14	14
Sibaya - Node 1	22	6
Sibaya - Node 5	27	16
Sibaya - Node 4	103	62
Bridge City	6	2
Tinley - North	77	20
TOTAL	379	233

AREAS WHERE ENQUIRIES WERE BEING RECEIVED AND NEGOTIATIONS WERE EXPECTED TO COMMENCE

Cornubia - N2 Business Park	2
uShukela Drive – Airport linked industrial, retail and logistics	49
Compensation- East – industrial and manufacturing	73
Ntshongweni - Retail and urban core	64
TOTAL	188

AREAS FROM WHICH REMAINING SALES WERE EXPECTED TO COME OVER THE NEXT 5 YEARS

Izinga - Future Phases	60
Cornubia - Marshall Dam Town Centre and Consolidating Urban	82
Cornubia North - Integrated Affordable Neighbourhood and Business Precinct	172
Sibaya - Node 2 & 3	134
Amanzimnyama – Office / Business / Industrial and logistics park	345
Compensation - Western expansion - Industrial and manufacturing	152
Inyaninga - East - Industrial / logistics / manufacturing	550
Inyaninga - West	187
Lindokuhle	52
Aberfoyle	231
Dudley Pringle	86
Ntshongweni - Residential	57
Ntshongweni - Logistics and Business Park	161
Ntshongweni - Integrated Residential	185
Tinley - South	270
Remaining sites on nearly completed developments	22
TOTAL	2 745
GRAND TOTAL	3 312

SALES CONCLUDED AND REASSESSMENTS FROM 1 APRIL 2017 TO 31 MARCH 2018

AREAS WHERE NEGOTIATIONS WITH PROSPECTIVE BUYERS ARE ONGOING

AREA	H1 (to 30 September 2017)			H2 (to 30 March 2018)		
	Reassessment hectares (See notes)	Sold (hectares)	Profit per dev ha (R million)	Reassessment hectares (See notes)	Sold (hectares)	Profit per dev ha (R million)
Ridgeside - Remaining Precinct 1 ¹	-3	3,3	34			
Ridgeside - Precinct 2 ¹	-14	17	10			
Ridgeside ¹	17				0,5	29
Sibaya - Node 1 ¹	-22					
Sibaya - Node 5 ¹	-21	5,8	8			
Sibaya - Nodes 1 & 5 ¹	43				0,5	9
Cornubia - Blackburn Extension						
Cornubia - Town Centre						
Cornubia - Marshall Dam Residential		12	3			
Bridge City		0,3	6			
Ntshongweni - Retail & Urban Core						
uMhlanga Ridge Town Centre - Commercial						
uMhlanga Ridge Town Centre - Residential		0,3	23		0,3	19
Kindlewood						
Cornubia - uMhlanga Hills		28,6	3			
Sibaya - Node 4						
Sibaya - Node 6 ⁵				123		
Inyaninga - Affordable Housing ⁵				93		
Tinley - North Resort ⁷				-77		
Tinley - South ^{6 & 7}				-270	27,6	7,1
Tinley ⁷				319		

AREAS WHERE ENQUIRIES ARE BEING RECEIVED AND NEGOTIATIONS ARE EXPECTED TO COMMENCE

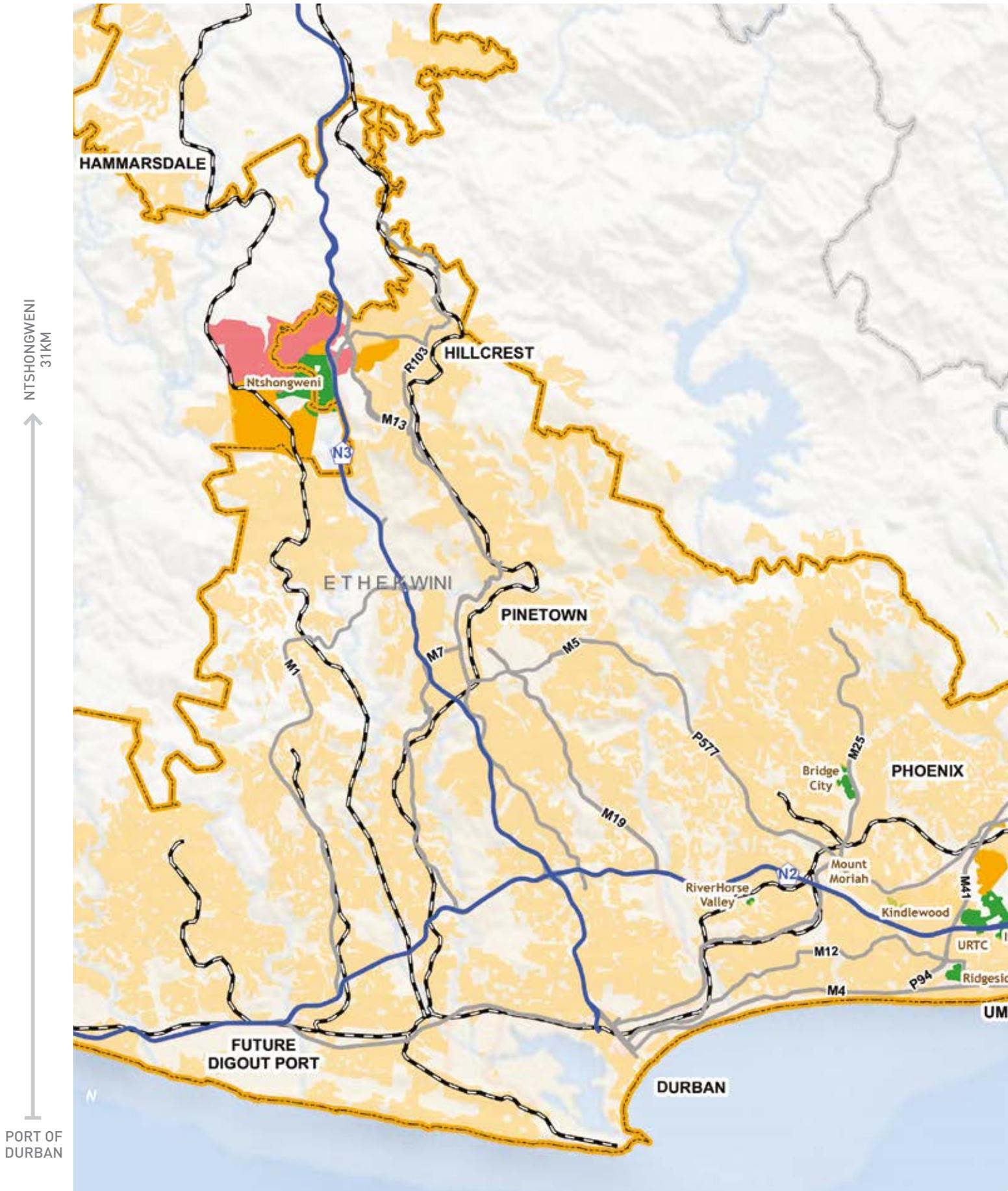
Cornubia - N2 Business Park						
uShukela Drive - Airport linked Industrial, Retail & Logistics						
Compensation - East Industrial & Manufacturing						
Remaining Sites On Nearly Completed Developments ²	22					
Ntshongweni - Logistics & Business Park ²	161					
Inyaninga - East Affordable Housing ²	93			-93		
Izinga - Future Phase ²	60					
La Mercy ³	50			-20		
Sibaya - Node 6 ³	20			-20		

AREAS FROM WHICH REMAINING SALES ARE EXPECTED TO COME OVER THE NEXT 5 YEARS

Izinga - Future Phase ²	-60					
Cornubia - Marshall Dam Town Centre & Consolidating Urban						
Cornubia North - Integrated Affordable Neighbourhood & Business Precinct ⁸				30		
Sibaya - Node 2 & 3						
Amanzimnyama - Office / Business / Industrial & Logistics Park						
Compensation - Western - Industrial and manufacturing						
Inyaninga - East ²	-93					
Inyaninga - West						
Lindokuhle						
Aberfoyle						
Dudley Pringle - Residential and urban						
Ntshongweni - Residential Infill / Consolidation						
Ntshongweni - Logistics & Business Park ²	-161					
Ntshongweni - Integrated Residential ⁹				-185		
Tinley - South Resort ⁶				-270		
Remaining Sites On Nearly Completed Developments	-22					
Ntshongweni - Mid Market Residential & Offices ⁴				39		
Ntshongweni - Integrated Residential Expansion & Recreational Precinct ¹⁰				108		
GRAND TOTAL	70	67,3	6,5	75	28,9	7,6

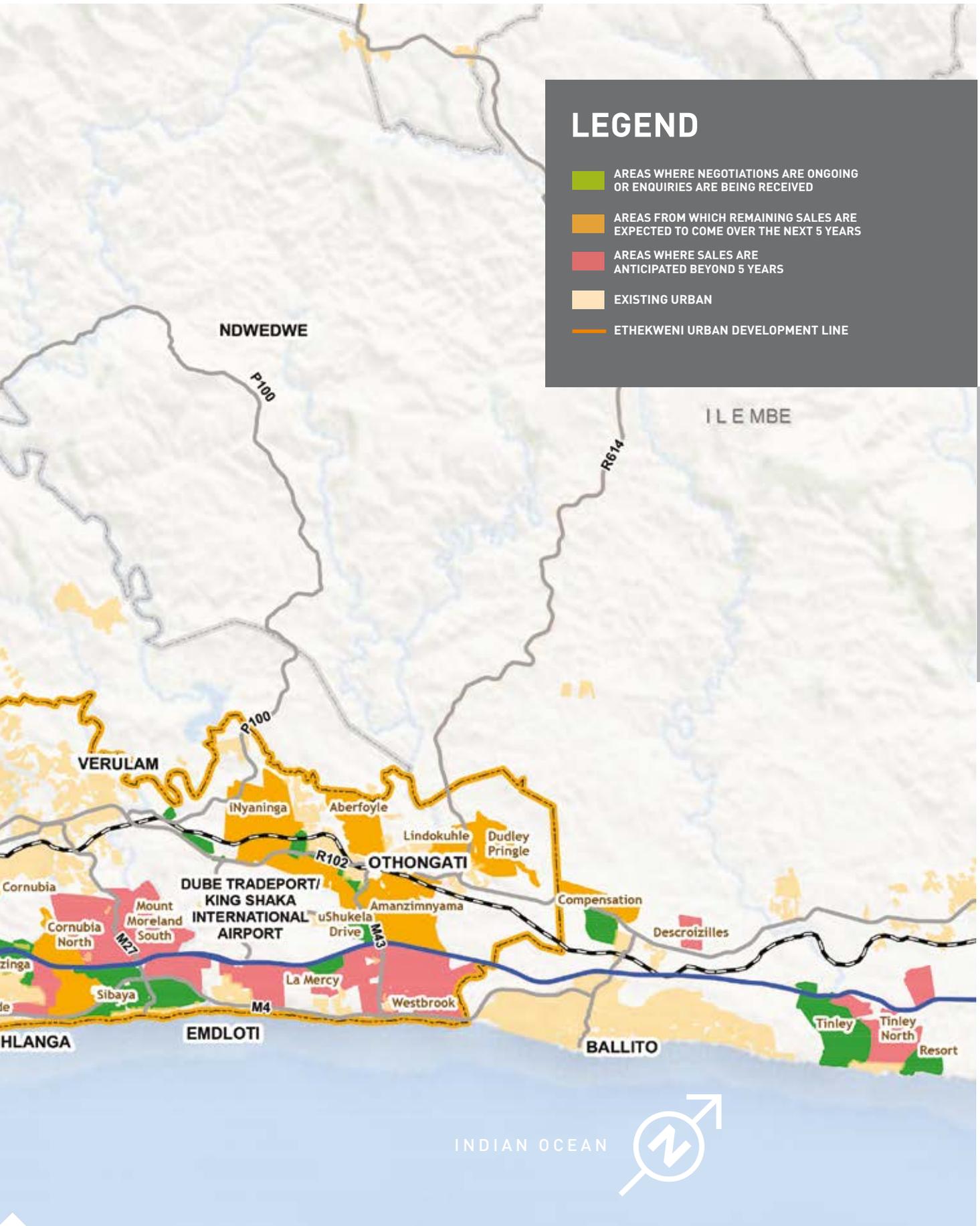
- Consolidation of assets in uMhlanga Ridgeside and Sibaya
- Assets transferred from Areas from which remaining sales are expected to come over the next 5 years into areas where enquiries are being received and negotiations are expected to commence
- Additional assets brought into the Areas where enquiries are being received and negotiations are expected to commence from Areas where sales are anticipated beyond 5 years. Portions of La Mercy and Sibaya Node 6. The quantum of land at La Mercy that was originally transferred has been reduced to 30 hectares and the quantum of land in Sibaya Node 6 has been increased to the full 123 hectares
- Additional asset brought into Areas from which remaining sales are expected to come over the next 5 years from Areas where sales are anticipated beyond 5 years
- Assets transferred from Areas where enquiries are being received and negotiations are expected to commence to Areas where negotiations with prospective buyers are ongoing - Sibaya Node 6 and Inyaninga Affordable Housing Portions of Sibaya Node 6 also transferred from Areas where sales are expected beyond 5 years
- Tinley South - Resort transferred from Areas from which remaining sales are expected to come over the next 5 years to Areas where negotiations with prospective buyers are ongoing
- Tinley South and Tinley North Resort consolidated into a single asset, Tinley
- 30 Developable hectares in Cornubia North transferred from Areas where sales are expected beyond 5 years
- Ntshongweni Integrated Residential transferred to Areas where sales are expected beyond 5 years
- Ntshongweni Integrated Residential Expansion and Recreational Precinct transferred from Areas where sales are expected beyond 5 years

PORTFOLIO OVERVIEW MAP



LEGEND

- AREAS WHERE NEGOTIATIONS ARE ONGOING OR ENQUIRIES ARE BEING RECEIVED
- AREAS FROM WHICH REMAINING SALES ARE EXPECTED TO COME OVER THE NEXT 5 YEARS
- AREAS WHERE SALES ARE ANTICIPATED BEYOND 5 YEARS
- EXISTING URBAN
- ETHEKWENI URBAN DEVELOPMENT LINE





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