



PORTFOLIO OF LAND FOR CONVERSION IN KWAZULU-NATAL

MAY 2016



 *Tongaat Hulett*





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INTRODUCTION

Tongaat Hulett's land conversion process follows an integrated approach to ensure value creation for all stakeholders.

Urbanization is an ongoing and accelerating trend in Southern Africa. Tongaat Hulett has an unequalled portfolio of some 7 970 developable hectares of land in prime positions near Durban and on the north coast of KwaZulu-Natal earmarked for conversion from agriculture to a range of urban and tourism uses over time.

Simultaneously, Tongaat Hulett's investments in new agricultural development are enhancing rural livelihoods.


Today, more than 120 000 hectares of sugarcane land supplies Tongaat Hulett's sugar mills in South Africa. Of this, some 50 percent is owned and farmed by small scale farmers, land reform beneficiaries and other rural communities, while some 10 percent is owned or leased by Tongaat Hulett.

The momentum in these land conversion and development activities continues to increase, with good progress on numerous activities that increase demand, unlock supply of land and increase value across the portfolio. Over the past three years, 488 developable hectares have been sold, generating operating profit of R3,023 billion while the net cash flow was R1,620 billion. The conversion of profits into cash varies with the nature of the transactions concluded and there have been a number of larger transactions that have a lead time before transfer. This trend of profit exceeding cash flow is expected to reverse as these transfers take place.

Sales in the 2015/16 financial year yielded operating profit of R1,115 billion from the sale of 121 developable hectares at a rate of R9,2 million per developable hectare, as tabulated in detail on page 59. The profits achieved per developable hectare were in line with expected value ranges for various demand drivers as detailed on page 18. Transactions concluded over the past year have been across a number of demand drivers including mid-market residential, high-end residential, retirement, high-intensity mixed use, urban amenities for residential neighbourhoods, warehousing and business parks, offices, retail and business education. The affordable and government assisted housing and hotel and resort categories were not represented in the sales mix during the year.

Current dynamics relating to the various demand drivers are described in detail on pages 8 to 15.

The preparation of land for sale involves a number of processes to unlock supply side levers leading to land that is shovel ready. The graphic on pages 16 and 17 illustrates the process and provides an update on the current status and progress made in the period. A major milestone in the past year was to increase the number of hectares with approval for release from agriculture for development, in terms of Act 70 of 1970, by 2 622 developable hectares to 3 085 developable hectares. EIA approvals were achieved over a further 245 developable hectares during the past year. On the provision of infrastructure, substantial progress has taken place in respect of the Go!Durban integrated rapid public transport network, other major road construction activities as well as water and sewer infrastructure as described in more detail on page 6.



A wide range of stakeholders benefit substantially from Tongaat Hulett's land conversion processes. This document describes the extent and nature of these benefits and how they are maximised. Society at large is deriving increasing benefit, as Tongaat Hulett continues to improve its processes to attract fixed investment to the region and achieve urban spatial integration and integrated residential neighbourhoods. The land conversion process creates a platform for increased public sector income generation through rates and taxes, and maximises the returns from infrastructure investment, both financially, and in terms of enterprise development, job creation and local economic development. Tongaat Hulett's shareholders are benefitting from the increased value in the land portfolio and substantial cash generation. Simultaneously, Tongaat Hulett's investments in new agricultural development, are enhancing rural livelihoods. The portfolio is a living document, with updates produced on at least a six-monthly basis and is available for download at www.tongaathulett.com.

The table on page 18 provides an update of the possible 5-year sales outcomes based on consideration of demand drivers, progress on the supply of shovel ready land, achievements of the past year and an assessment of the sales approaches most appropriate for each demand driver. The net cash profit per developable hectare varies with the demand driver, in a range between R2 million and R39 million per developable hectare.

These sales are expected to be achieved primarily from within the 3 679 developable hectares in the areas and landholdings as tabulated on page 19 of the document.

Increased new sales potential has been unlocked, opening up new development areas, with recent catalytic sales in node 1 of Sibaya at eMdloti, 14 hectares for a new retail centre as a catalyst for the Ntshongweni development west of Durban, the expansion of uMhlanga Ridge Town Centre westwards into Cornubia and on the sea facing slopes to the east in precinct 1 of Ridgeside and the new precinct 4. The decision to sell the 42 hectares in Ridgeside precincts 1 and 2 as multiple sales rather than a single sale is proving optimal.

The value created for all stakeholders is increasing through an integrated approach to land conversion and development. This reflects progress made on the various value unlocking activities underpinning the land conversion process together with Government, related organisations and key stakeholders in the property industry. These activities are underpinned by ongoing use of the land under agriculture throughout the development cycle and commence with collaborative planning

with authorities on optimum use of land for all stakeholders, leading to release from agriculture and other development approvals, and simultaneously strengthening demand drivers and unlocking infrastructure at key points, while executing optimal sales and development strategies for the various parcels of land. An increasing number of significant black economic empowerment related land development transactions are taking place and further progress continues to be made to develop and grow the presence of black property developers, owners and service providers throughout the property value chain, while simultaneously implementing an integrated Socio-economic Sustainability and Innovation Programme (SSIP) in the development process as described on page 5. This all has a positive impact on economic development and a sustainable, liveable and competitive city form, including industrial, commercial, tourism and all levels of residential development in the Durban/KZN North Coast area, and allows Tongaat Hulett to pursue similar collaboration for rural development including new agricultural cane developments as the region recovers from the current drought conditions.

KEY CONCEPTS

HECTARES

Gross hectares refers to the total area of land, defined by a line around its boundary. It is a reasonably exact 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.

CATEGORISATION OF THE LAND PORTFOLIO

Based on consideration of demand under current market conditions and interest, 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:

LAND FROM WHICH SALES ARE EXPECTED TO COME WITHIN 5 YEARS

These are land assets located in areas that enjoy substantial policy support from government for conversion, on which processes toward release from agriculture, shovel ready and provision of necessary infrastructure have commenced and for which it is assessed that demand exists or is expected to exist within the period, based on an assessment of the various demand drivers, as described on pages 8 to 15.

Within this category, certain land assets have been featured in those areas where commercial negotiations have commenced or are likely to commence soon. These are highlighted in the tables on page 19 and are individually described in pages 22 to 54 of the document.

LAND WHERE SALES ARE ANTICIPATED TO COMMENCE BEYOND A 5-YEAR PERIOD

For land in this category, ongoing analysis is carried out on changing market dynamics, infrastructural developments and government strategies and policy to ensure the early identification of opportunities to accelerate the process of conversion. Planning processes, in collaboration with stakeholders, towards getting all these land assets to a shovel ready state, are underway.

LAND SOLD BEFORE BECOMING SHOVEL READY

A deliberate strategy is pursued to conclude sales in appropriate circumstances that make more land available early for priority social and economic initiatives and to achieve sales of land that are de-linked from immediate demand for completed buildings, thereby achieving portfolio diversity, earlier cash conversion and activity by purchasers in attracting and addressing ultimate demand drivers. To achieve these objectives, in certain cases sales are concluded on land that is not yet shovel ready. In recent years, sales have been executed on this basis for the provision of government assisted housing, high density affordable to mid-market housing and warehousing, logistics and business parks. The sale of a retail site as a catalyst for the Ntshongweni land holding is a key example in the past year.

SALES, EXPENDITURE, PROFIT AND CASH

Land sales generate revenue, which is an outcome of choices regarding land usage and density, pricing strategy, commercial approach and timing.

Land preparation and conversion incur costs related to planning the land use, applying for the relevant planning permissions, identifying, attracting and concluding sales with purchasers across the range of demand drivers and constructing necessary 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 transfer of the land to the buyer. The timing of this cash collection varies with the nature of the sales concluded, with some larger transactions having a lead time before transfer.

Over time, profit tends to equate to cash generated. The past three years have seen profit exceeding cash flow, a trend that is expected to reverse as transfers take place.

In this document, an indication of profit, or of a range of profit, is provided, based on current market dynamics and what is currently being achieved. The profit indication is the cash profit after costs, without any escalation or discounting for time.

URBANISATION AND DENSIFICATION

Considerations of equity, accessibility and efficiency within a context of increasing urbanisation, have led to a policy environment that encourages densification of South African cities. According to estimates by the United Nations, by 2030, 71 percent of the South African population will live in urban areas and by 2050, this figure will have increased to 80 percent. Tongaat Hulett actively supports and seeks to play a significant role in facilitating this pursuit of compact, liveable, walkable, fine-grained and mixed-use urban form. The area between uMhlanga and Ballito is planned to become an intensive corridor where densification is particularly appropriate, as is the core of the Ntshongweni landholding west of Durban. Owing to varying market conditions over time, initial developments frequently struggle to achieve the full density potential of their location. Tongaat Hulett has developed various mechanisms to allow for early, lower intensity development to kickstart activity and thereafter create a pathway to greater intensity, complexity and integration of the urban form over time, with additional value creation and realisation without the need to consume additional hectares.

Strong and effective policy support for densification and mixed use has potential to increase competition to “greenfield” land conversion from redeveloped and densified “brownfields” locations over time.

The densification dynamic is currently evident in both the commercial and residential precincts of uMhlanga Ridge Town Centre, precincts one and two of Ridgeside, the N2 Business Park in the Cornubia New Town and the first catalytic development at Ntshongweni, all of which are being managed to maximise the future potential value creation.

SOCIO-ECONOMIC SUSTAINABILITY AND INNOVATION PROGRAMME (SSIP)

Sound, productive relationships with government and society stakeholders are a key driver of value creation through land conversion processes. They enable release from agriculture and various permissions necessary for land to become shovel ready, lay the platform for collaboration in infrastructural investment and underpin market confidence and demand.

The 2015/16 financial year has seen significant progress in the framing and initiation of a comprehensive SSIP, with Cornubia providing a uniquely appropriate pilot opportunity. The programme integrates the multiple land conversion value drivers as described throughout this document with BBEE and sustainability reporting scorecard principles, on the ground socio-economic realities and Tongaat Hulett's strategic, commercial and development execution skills, to yield an integrated programme that maximises the value creation for all stakeholders through the land conversion process.

Progress in this period includes the successful initiation and development of early momentum in the Cornubia pilot initiative. This commenced with a comprehensive socio-economic census of the stakeholder community, facilitating their organisation to enable constructive engagement and the commencement of first pilot initiatives. These include to date the development of a database of work and enterprise development opportunities, both existing and future, permanent and temporary; linking this to a census of skills currently available and required; facilitation of linkages between communities and businesses where land is converted, including the greater uMhlanga area; skills and enterprise development programmes; and the establishment of a number of co-operatives active in open space management and urban organic farming. Key partnerships have been created with educational service providers, socio-economic development service providers, local and provincial government, Tongaat Hulett's clients and service providers and the communities themselves.



RELEASE FROM AGRICULTURE

Tongaat Hulett's land assets in KwaZulu-Natal are predominantly situated in areas deemed agricultural in terms of the Subdivision of Agricultural Land Act 70 of 1970 and must therefore be formally released from this status to be developed for non-agricultural purposes.

Release from agriculture can only occur with the support of both the provincial and national departments of agriculture and within the parameters of the prevailing provincial and municipal strategic and spatial plans.

The portfolio's location in the primary growth and development corridors of the province places it in a good position to enjoy policy support for conversion, and Tongaat Hulett's agricultural custodianship of and future plans for its land assets are well aligned with the relevant municipal and provincial strategies.

This financial year has seen significant progress being made, with an additional 2 622 developable hectares having been granted Act 70 of 1970 approval, bringing the total land with such approval to 3 085 developable hectares, representing 38 percent of the total land portfolio.

The approval of the Ntshongweni land asset for release from agriculture enabled first phase EIA approval and led to a substantial land transaction being concluded that will catalyse development in this new node, bridging the divide between existing highly resourced areas such as Hillcrest and its surrounds and other communities in the subregion characterised by poverty and unemployment, in much the same way as uMhlanga Ridge and its expansion into Cornubia has done north of Durban.

SHOVEL READY

Ultimately, to develop top structures on land requires a number of planning permissions to be 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 (WULAs). 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 realise optimum value from a land asset.

The general process towards shovel ready and progress against that process across the portfolio is shown in the land conversion and development model on page 16.

INFRASTRUCTURE

The installation of necessary infrastructure is a prerequisite for the optimal use of any land. The role of investment in

infrastructure as a catalyst to economic development is now recognised throughout all spheres of government in South Africa. The amplified impact of infrastructure investment in larger cities and towns and the need for new approaches to enhance this is being increasingly appreciated. This notwithstanding, the gap between municipal budgets and urban infrastructure requirements is large and investment in municipal infrastructure must balance the twin objectives of social delivery and economic growth. This complex infrastructure environment demands effective partnerships, particularly in forward planning and financing, as well as in improved programme and project management to ensure viable innovative models for the implementation of large, integrated infrastructure projects. eThekweni Municipality, supported by the National Treasury, has appointed advisors to propose and evaluate innovative funding mechanisms to unlock infrastructure investment, using Cornubia North as a case study and working closely with Tongaat Hulett.

Tongaat Hulett's land conversion processes unlock substantial infrastructural investment. Local scale (neighbourhood public infrastructure is generally installed by Tongaat Hulett directly and recovered through the sale of land, while medium scale (metropolitan) and large scale (regional) infrastructure invariably entail collaboration between Tongaat Hulett and various arms of government.

The principal current obstacle to metropolitan and regional scale infrastructure delivery lies in financial and organisational capacity limitations faced by government to implement the necessary investment. Tongaat Hulett is working with both the

relevant local authorities and other spheres of government to assist in addressing this challenge.

Infrastructure that is revenue generating for the service provider (most often the local authority), such as electrical supply, water and sewerage, is reasonably easily funded. The bigger challenge is road infrastructure, which typically comprises some 70 percent of total infrastructural cost, is frequently the topic of jurisdictional debate between different spheres of government and does not generate pay-for-use revenue directly.

Tongaat Hulett continues to seek sustainable and equitable solutions to this challenge, in collaboration with a broad spectrum of public sector role players.

The current financial year has seen considerable progress on several major infrastructural initiatives. Construction of the Go!Durban integrated rapid public transport network is advancing at pace, including major construction activity in Bridge City and commencement of the route through Cornubia. Further progress has been made on major road infrastructure in the area of uMhlanga Ridge Town Centre western expansion into the Cornubia New Town, allowing for development to progress, while the upgrading of the N2 highway between King Shaka International Airport and Sibaya is complete. Water supply has been enhanced, with construction of both the new aqueduct serving northern areas of Durban and a new reservoir serving the uMhlanga region due for completion by the end of 2016. The doubling of the existing sewer treatment capacity serving the uMhlanga region will also be completed by the end of 2016.





DEMAND DRIVERS

The past year has been characterised by generally poor sentiment towards long-term fixed investment in South Africa. Notwithstanding this, the property market to the north of Durban has attracted significant investor interest during the period, including many buyers who have responded well to Tongaat Hulett's strategy of making available larger portions of land that will be developed over a number of years.

The predominant drivers in the period have been the mid-market and high-end residential markets, with further sustained interest from the business park, office and residential services (education and retail) markets. The sale of a retail site in Ntshongweni, that of the entire 20 hectares of precinct 4 of Ridgeside and portion of Izinga were not anticipated to take place within the next 24 months at the time of the previous update and were in response to better than expected demand, particularly for high-end residential developments.

Substantial opportunities remain within the markets for affordable and government-assisted residential neighbourhoods, although they did not produce sales in the past year. Other sectors continuing to exhibit interest include education, retirement, tourism and warehousing/logistics.

Analysis of individual demand drivers continues to amplify that, in many cases, Durban is lagging its potential to attract or address business and residential demand that would drive real estate investment and hence land take-up. Ongoing progress in creating more shovel ready land in the region, across different geographical localities and serving a range of

markets, is expected to continue to enable underlying demand requirements to be satisfied better and to create the opportunity for Tongaat Hulett and the region to become more proactive in attracting investment and creating new markets.

Tongaatt Hulett is working with a range of government agencies as well as players in the property industry to develop promising market segments where the region has existing or potential competitive advantages.

The following is a summary of the range of demand drivers for land in the region.



HIGH-INTENSITY URBAN MIXED USE

This market continues to offer substantial opportunities driven largely by changing lifestyles, levels of affordability and locational attributes together with increasing policy support for densification, mixed land use and compact city forms. Such a market offers many benefits to end users and also from a sustainability perspective, critical mass for infrastructure through its highly efficient use of every hectare of land and the associated high value created per hectare for all stakeholders, even when the product is modestly priced (e.g. mid-market and affordable residential as part of a mixed neighbourhood).

uMhlanga Ridge Town Centre and its western expansion into Cornubia, Ridgeside, Bridge City, Sibaya Node 1 and the



newly unlocked Ntshongweni retail and urban core all contain elements with this typology, while further opportunities are being identified and included in planning processes. This driver is particularly well suited to structured transactions leading to the rollout of precincts by a single agency that is able to optimise both design and management of the final property. Current poor overall property market conditions render individual mixed-use developments difficult to assemble and finance.



PREDOMINANTLY RESIDENTIAL NEIGHBOURHOODS

The residential market can reasonably be classified into three sub markets, namely mid-market, affordable and government assisted. An additional market for high-end residential is more akin to tourism, leisure and coastal development and is described under that heading. An accelerating and promising trend across these markets is the emergence of more “inclusionary” neighbourhoods that blur the lines between them and create a greater mix of income groups in any given neighbourhood. Residential demand is high and growing in Durban and other major cities and Tongaat Hulett’s key strategies to unlock this demand are premised around well located land; appropriate density with emphasis on achieving medium and high densities; incorporation of an appropriate level of flexibility and mix of land use; diverse residential typologies; diverse tenure options and the establishment of organised and empowered communities.

MID-MARKET NEIGHBOURHOODS

Tongaat Hulett’s residential land sales have historically been skewed towards this market. The market consists of higher-earning households, frequently upgrading from an existing home. In the uMhlanga region, Tongaat Hulett has on average been able to meet demand, which varies with economic conditions and in a middle of the road scenario is expected to be in the order of 500 units annually, taking up an average of 25 to 30 developable hectares. Growth and development potential of this market consists primarily of continued growth and consolidation of the uMhlanga region and through the opening up of new markets in the

Ntshongweni area west of Durban and around Ballito, as well as ensuring better alignment of supply with demand through increased availability of shovel ready land with appropriate infrastructural arrangements in place.

INTEGRATED AFFORDABLE NEIGHBOURHOODS

There are estimated to be 285 000 households in northern eThekweni, of which 55 000 (i.e. some 20 percent) are looking for good residential accommodation. This market is a priority of government and the focus has recently been broadened by the Minister to include those households with a monthly household income of between R12 500 and R33 000. New household growth in eThekweni is estimated to be 15 000 annually, of which approximately fifty percent are in this earnings bracket. This market typically can be serviced with homes of between 50 and 80 square metres as either rental or ownership or a hybrid of the two and in an indicative price



range of some R400 000 to R1 100 000. Nationally, as well as within Tongaat Hulett's land portfolio, delivery lags demand and the market is sometimes referred to as the "gap" market. Partially as a result of constraints in supply, the market has shown considerable resilience, with latest national statistics showing 9,1 percent annualised price increases over the past year. No identified sales have taken place into the market during the current period and this remains a priority market for attention to unlock barriers to delivery.

As a priority socio-economic segment, accelerated delivery can be achieved through a combination of Tongaat Hulett's ability to bring suitable land to the market at scale, combined with appropriate collaboration with a number of role players, including government (particularly local government), large developers with the necessary capability and reputation, employers and financial institutions.

Formerly seen as predominantly a freehold market, the scope has widened given recent moves by several institutional



investors and private developers to build their portfolios by developing rental stock to service those falling within this submarket, thereby widening choice and lowering affordability barriers.

Proximity to public transport routes, places of work and amenities are key considerations, thus the ideal location for such neighbourhoods is in medium to high density developments (densities of 120 to 300 units per hectare are achievable and desirable) within or closely adjacent to mixed use or commercial precincts and incorporating some element of mixed use within the neighbourhood itself.

uMhlanga Ridge Town Centre has to some extent addressed this market over the past few years and continues to do so, while Bridge City and various precincts in Cornubia constitute further short term opportunities. The relocation of the airport and the ongoing and anticipated future growth of employment-generating activities around it point to an increasing need to provide for this market in the greater Tongaat area. Ntshongweni is expected to incorporate a substantial component of such neighbourhoods. Over time and as delivery mechanisms and partnerships evolve, it is anticipated that this market could require more than 1 000 developable hectares at a take up rate of up to 60 hectares per annum and achieving profit that can exceed R3 million per developable hectare.

PUBLIC SECTOR FACILITATED RESIDENTIAL NEIGHBOURHOODS

There is currently a backlog of over 400 000 homes in eThekweni Municipality to accommodate poor households (roughly defined as those having a monthly household income of under R7 500). This backlog is a national priority. The National Ministry of Human Settlements is implementing a five-year action plan to roll out one and a half million

homes for households in this category through a number of mega projects. EThekweni Municipality has a successful track record of delivery to this market, having historically delivered over 15 000 homes in a single year. This rate of delivery has declined in the last few years and is currently approximately 5 000 homes annually. Constructive partnerships are required to accelerate delivery of sustainable solutions.

Recent statements emanating from the Minister of Human Settlements point to a number of changes in policy implementation by the public sector. These include a greater emphasis on “quality” in terms of overall socioeconomic impact and sustainability rather than simply “quantity” or numbers of units built. In particular, the focus of delivering free houses under freehold is being narrowed to focus on the elderly, disabled and military veterans. The focus for economically active or potentially economically active people has moved in the direction of well-located, higher density, mixed use and mixed income, integrated and sustainable residential neighbourhoods, providing both homes and access to economic opportunities. Allied to this is a wider range of tenure options and recognition of a wider range of subsidy mechanisms and partnerships with various role players including the community itself, the local authority, employers and unions, and developers. The sound platform established through the Cornubia pilot initiative over the past several years is expected to enable further collaboration by Tongaat Hulett in this emerging theme.

Tongaat Hulett has identified some 930 developable hectares in various locations, all well located with regard to current and planned development, having the potential to yield over 90 000 residential units into this market segment. These areas in particular are anticipated to suit large structured transactions, involving public sector related agencies, that may in many instances take place before the land is shovel ready.

URBAN AMENITIES FOR RESIDENTIAL NEIGHBOURHOODS

This driver consists of social facilities such as schools, medical, neighbourhood retail, convenience retail, filling station and other facilities developed in response to or in anticipation of demand from growing residential neighbourhoods. The objective is to ensure that these are catered for and implemented in a value-creating manner, whether by public or private sector agencies. This usage is typically capable of producing returns per hectare similar to those generated by the nearby residential land use. Where possible, without losing value, the opportunity is sought to arrange for key urban amenities to be provided prior to or early in the process of development of the adjacent residential areas, so as to act as a catalyst for the development of those areas. A growing trend and acceptance has been observed of the principle of these amenities being provided within residential neighbourhoods in a mixed use format, facilitating easy walking and access. Greater focus on this demand driver over the past year has illustrated that its potential impact is

larger than previously indicated.

In the current period, notable progress has been made through the sale of a site for a regional-scale retail scheme at Ntshongweni, which will act as an important catalyst for development of this landholding, while at the neighbourhood scale, a site sold in Sibaya following closely on the first residential sales is an important early start to an appropriate mix of uses in that node.

The level of residential take-up within Tongaat Hulett's developments has generated demand for new public and private health facilities. These include public and private hospitals, step-down facilities, clinics and community healthcare units, all of which fall under the custodianship of the Provincial Department of Health. A number of these facilities have been developed over time in a somewhat ad hoc manner in Tongaat Hulett's land portfolio, with Bridge City, uMhlanga and Sibaya current areas of interest. A process is under way to develop a much stronger collaborative relationship with the department, to facilitate joint planning for optimal delivery of such facilities to meet the current and future needs of the growing communities in the region.

Within the Cornubia and uMhlanga sub region, the demand for new schools and tertiary educational facilities is intensifying. Educational facilities include public schools, private schools (also known as independent schools), early childhood development (ECD) centres and special needs schools. Primary and secondary schools are the responsibility of the Department of Basic Education (DBE), whereas the Department of Higher Education and Training (DHET) is responsible for tertiary education and vocational training, which include FET colleges, adult basic education and training (ABET) centres and higher education institutions such as universities. As with medical facilities, these too have been developed across the land portfolio in an ad hoc, reactive manner. Relationships with the key government departments are being strengthened to facilitate proactive planning for the establishment of facilities on strategically located landholdings.





HIGH-END MARKETS

The KwaZulu-Natal provincial government has adopted a tourism master plan that by 2030, the province will be globally renowned as Africa's top beach destination with a unique blend of wildlife, scenic and heritage experiences for all visitors. The vision correctly identifies coastal and beach attractions as central to tourism development. The seventy kilometre stretch of coastline from uMhlanga to the Thukela River constitutes a central opportunity to pursue the vision. Tongaat Hulett is actively involved in collaboration with the Provincial and Local authorities to fast track the first phases of this development.

Durban's attractiveness to these markets has recently been boosted through the commencement of a number of new airline routes linking to King Shaka International Airport. These include Qatar Airlines, Turkish Airlines, Ethiopian Airlines, Proflight Zambia (a low cost airline linking to Lusaka), with a route expected to commence to London in December 2016. In addition, the announcement that Durban will be the first African city to host the Commonwealth Games, in 2022, is expected to lead to significantly increased tourism interest as well as accelerated infrastructure investment over the next few years.

Key tourism-related sub markets with their underlying dynamics are as follows:



CITY HOTELS AND RESIDENCES

The corporate office nodal shift to uMhlanga has resulted in this region being the preferred location for city Hotels in Durban. The majority of the Hotels are in the economy Hotel segment (typically defined as 3 star) with lesser representation by full service Hotels. No upscale or luxury local or international Hotel brands are present on the uMhlanga Ridge.

uMhlanga Hotels have outperformed the SA Hotel market in occupancy, rate and revenue per available room in 2015. This positive Hotel performance has been due to the sustained growth in demand in individual corporate and leisure travel. This has continued to fuel considerable interest in uMhlanga from both South African and international Hotel brands that seek to operate a fresh, contemporary, full or select service offering with quality meeting facilities, which will meet the requirements of the corporate and leisure traveller.

There is also interest being shown by local and international Hotel brands to operate Apartment Hotels or Residences. This type of Hotel is suited to the long stay corporate and leisure traveller. They also offer branded, serviced residential investments to high-end buyers. The usage is capable of generating returns per hectare consistent with other high density, urban mixed uses. It is not likely to take up large numbers of hectares, but serves more importantly as a benchmark of amenity, brand and value for the region and surrounding land assets.

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

This is a lower-intensity land use than the city hotels. There is currently no truly integrated beach resort in KwaZulu-Natal or South Africa. The KwaZulu-Natal coastline has been acknowledged 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 Manor is currently being designed and positioned as a pilot location for this usage to act as a catalyst for more instances of this type of development on

the north coast. Returns per hectare are initially expected to be modest (in line with low density residential uses) owing to low development densities and the speculative nature of the first catalytic developments. The strategic objective going forward is to capture further value from surrounding land assets benefitting from proximity to and association with resort and higher pricing premiums as destination value is established in the area.

HIGH-END RESIDENTIAL DEVELOPMENTS

This land use is one in which Tongaat Hulett has been active for some time. Brands such as Zimbali, Mount Edgecombe and Izinga have given Tongaat Hulett considerable brand strength in both the mid-market and this segment. In the current period, various Tongaat Hulett and competing developments have sold extremely well in the uMhlanga area at increasing price levels and in some cases at high density. The strategy going forward is to increase the returns achievable per hectare through higher intensity development and higher premium pricing on scarce, low density sites. Additional markets to increase demand are being sought in the opening of new geographical locations west of Durban and north of Ballito. To date, despite Rand weakness making high-quality real estate in South Africa affordable in global terms, little interest has been generated for purchases by foreign buyers.

During the past year, a significant milestone has been achieved with the success of first sales into this market from the Sibaya landholdings at eMdloti, as well as the acceleration of the sale of Ridgeside Precinct 4 to satisfy high current demand in the segment.



OFFICE MARKET

Durban's office market is currently small and lacks dynamism. The South African Property Owners Association (SAPOA) office vacancy survey includes some 17 million square metres of office space around the country. Approximately 1,36 million square metres of this is in Durban (of which uMhlanga comprises approximately 0,29 million and Westville / Hillcrest 0,23 million), compared to 2,42 million in Cape Town, 3,68 million in Tshwane and 9,54 million in Johannesburg (of which 1,52 million is in Sandton alone). Office development in Durban has historically consisted primarily of buildings constructed for identified tenants, with little speculative development.

Durban clearly has substantial growth potential compared to other secondary office markets and should be an attractive office location, given its residential amenity and convenient link to Gauteng (under one-hour flying time).



Recently, Durban has seen substantial activity in the development of call centres, for which it should be one of South Africa's most competitive locations. Recent growth has been between 15 and 20 percent annually. Tongaat Hulett is collaborating with regional development agencies and the industry body, BPESA, to further this competitiveness and rate of growth. KwaZulu-Natal currently has 10,5 percent of the domestic market and 20 percent of international market share. Growing this market share is a priority for the region and its value proposition has proven to be increasingly popular over the past three to five years. The western expansion of uMhlanga Ridge into Cornubia is regarded as an excellent location for such facilities, and sales during the period in a mixed commercial zone are anticipated to yield call centre uses. Even at current market share, this sector is projected to yield demand for between 20 to 30 developable hectares of land over the next five years, and underpin nearly 17 000 new jobs.

Other growth opportunities lie in positioning Durban as an attractive office location for international companies newly entering the South African market, particularly when linked to other (logistics or manufacturing) facilities and in a targeted campaign, together with regional development promotion agencies, to attract specifically targeted bigger corporate office users considering expanding or relocating elsewhere in the country.

Many of Tongaat Hulett's land assets, given their location and context, naturally offer prime office opportunities including new office nodes at Ntshongweni and within the emerging Aerotropolis around the Dube TradePort and King Shaka International Airport.



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

The area between Durban and Richards Bay, given that they constitute the dominant sea ports serving Southern Africa, is the most attractive location for new industrial and logistics facilities in the region. This sector has historically been an important component of Tongaat Hulett's land conversion activities. Current limitations on growth primarily relate to lack of abundant shovel ready land and supporting metropolitan and regional scale infrastructure, together with concerns regarding cost of development and operating costs. All these constraints are areas of focus, wherein the solution lies in collaboration with relevant government authorities.



The land preparation and zoning is similar for a wide range of uses, however there are a number of demand drivers applicable to the establishment of such industrial / business park land.

Land for large-scale general industrial (as opposed to light industrial and business parks) is in scarce supply and is being created at Compensation. This could accommodate manufacturing concerns. While this sector is currently under pressure, there is considerable government emphasis on the sector, and sub markets with potential around Durban include:

- Clothing and textiles, leather and footwear: The sector is undergoing positive structural change within the region through the development of fast fashion opportunities with national retailers. The sector is also a key driver of employment within the economy.
- Vehicles and automotive components: South Africa's largest automotive manufacturer is located in the region, with an established supplier base. Automotive manufacturing is a key driver of employment within the region, with significant economic multipliers through the value chain, in respect of logistics and services.

- **Chemicals:** The chemicals sector is heavily concentrated in the province, and is reliant on the logistics infrastructure that the province offers in respect of access to the port and road infrastructure.
- **Food processing and beverages:** Manufacturing in this sector is one of the largest employers locally, and there is opportunity for encouraging supply expansion into Africa. Development of the food processing and beverages sector suggests opportunities to create significant economic multipliers in the region.
- **Electronics:** Recent major investments in the province may encourage further inflows of foreign direct investment, which in turn would create opportunities for the development of the supply base through the achievement of scale economies.

Currently logistics and warehousing operators appear to favour the western corridor (on the N3 route between Durban and Gauteng) to opportunities to the north of Durban. A priority objective is to accelerate the processes towards shovel ready for land at Ntshongweni that is the best located land on the western corridor for this use. To the north of Durban, key activities are to enhance competitiveness through enhanced infrastructure, high quality well-located housing to underpin workforce competitiveness, interventions to enhance the skills base in the area and collaboration with state entities on effectiveness of air, road and rail accessibility. Consolidation of the sector is driving demand for larger parcels of land. Tongaat Hulett is well-placed to accommodate this requirement, particularly at Compensation.

This type of land, particularly where located in proximity to residential and urban areas, also accommodates 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.



UNIQUE CLUSTERS OF OPPORTUNITY

The size and location of Tongaat Hulett’s land assets allow for experimentation with certain niched uses and for clustering of complementary uses at scale. A particular opportunity relates to various clusters of uses associated with the so-called

“Aerotropolis” or “airport city”, combined with the good access to road, rail and port activity. Collaboration with Dube TradePort, the municipalities and other regional development agencies is continuing to develop this opportunity.

The clustering of high-tech uses, incubators, innovation and technology parks, opportunities such as large-scale multi-campus tertiary educational facilities serving national, regional and international markets and research and development facilities are being considered and have potential to attract new end users and complement other, more traditional land uses.

uMhlanga is well suited to the provision of executive education opportunities. This last period has seen a land transaction being concluded for a unique new manufacturing executive education facility. This will be the only one of its kind on the continent. Further interest has been experienced from other tertiary institutions. Such clusters have potential medium to long term benefits in accelerating a number of other demand drivers.

The sub-regions to the north and west of Durban offer attractive opportunities for the retirement market given the location, climate and other physical characteristics. This is an ever increasing market driver as the region urbanises and people continue to live longer. The primary retirement destination has, for the past few years, been the KZN midlands, as a result of substantial product development. Areas to the west and north of Durban can potentially provide new, even better, retirement opportunities, close to all of the necessary amenities. Retirement developments in these regions are currently oversubscribed, enhancing the potential of this market driver. The end user values that are generally demanded point to a mid-market housing value range although there is scope for high end retirement opportunities close to, or even within existing high end areas such as uMhlanga and Sibaya. In the last period, the first sale for such use from the portfolio for a number of years was concluded, in Kindelwood.

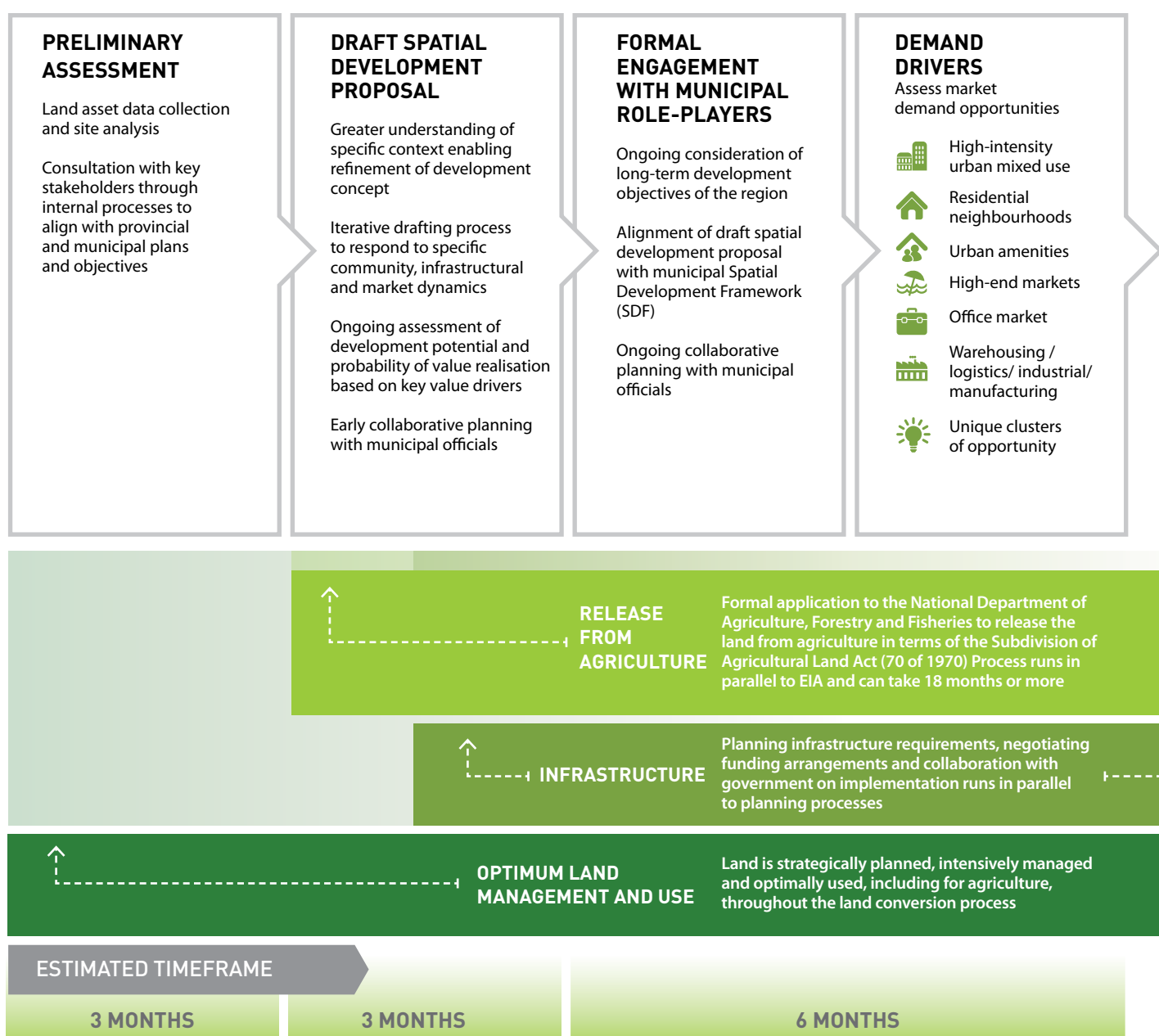
The 2016 Mercer “Top Quality of Living Ranking” (one of the world’s most comprehensive surveys designed to guide multinational companies and other employers in locations for employees to live) ranked Durban the highest placed city in South Africa. The survey criteria consider all elements related to quality of life and represent a close correlation with criteria upon which retirement decisions would be made, confirming the attractiveness of Durban as a competitive retirement destination in South Africa, while the current exchange rate suggests opportunities to target foreign retirees as well.

LAND CONVERSION AND DEVELOPMENT MODEL

Tongaat Hulett's approach to land conversion and development is informed by the company's broad strategic objective of value creation for all stakeholders through an all-inclusive approach to growth and development. Converting agricultural land for urban development is a multi-faceted process requiring the support of a diverse range of stakeholders and when well executed, generates significant social and economic benefits for a wide range of these stakeholders.

STEPS TO COMMENCEMENT OF CONSTRUCTION OF BUILDINGS AND INFRASTRUCTURE

The following schematic provides an overview of the broad processes, including generic timing, which have to take place before land is ready for development. This is illustrative only and the process varies depending on the context of each unique land asset.



SOCIETAL STAKEHOLDERS

NATIONAL GOVERNMENT

PROVINCIAL GOVERNMENT

MUNICIPAL GOVERNMENT

OTHER PUBLIC SECTOR PARTNERS

LOCAL COMMUNITIES

BROAD BASED BEE PRIORITY GROUPS
IN PROPERTY SERVICES, DEVELOPMENT
AND OWNERSHIP

END USERS FOR PROPERTIES IN
VARIOUS MARKETS

INVESTORS IN DIRECT PROPERTY
IN KWAZULU-NATAL

SOCIO-ECONOMIC OUTCOMES

- Attraction of fixed investment to the region
- Urban spatial integration linking communities, jobs and amenities
- Integrated residential neighbourhoods
- Triggers investment in new / additional agricultural development and enhances rural livelihoods
- Sustained public sector income generation through rates, taxation and user charges
- Catalysing local socio-economic development
- Job creation, skills transfer and enterprise development during construction phase
- Creation of permanent jobs
- Organised and empowered communities
- Co-ordinated and efficient infrastructure roll-out
- Efficient return on infrastructure investment
- Provides property solutions that enable new markets to be developed

ENVIRONMENTAL IMPACT ASSESSMENT (EIA)

Formal statutory process required for any greenfield development administered by the Provincial Department of Economic Development, Tourism and Environmental Affairs

Extensive consultative process which can take about two years or longer depending on the circumstances

EIA approvals achieved for 245 developable hectares in the past year. 3 399 developable hectares are currently in this stage

FINAL DETAILED PLANNING / SPATIAL PLANNING AND LAND USE MANAGEMENT ACT (SPLUMA) APPLICATION

Engagements based on responses from stakeholders through the EIA process, including surrounding communities and public sector role-players

Receipt of formal municipal comments on development proposal details, including land use, development controls, rezoning and subdivision

Finalisation of detailed zoning and layout plans and submission in terms of PDA.

203 developable hectares are currently in this stage

SHOVEL READY

Alignment with relevant planning frameworks and legislation achieved

Release from Agriculture achieved

EIA and PDA sufficiently far advanced with support from key stakeholders

Clear programme for sales process and development activation based on key value drivers

338 developable hectares are currently shovel ready or beyond

FINAL APPROVAL AND COMMENCEMENT OF CONSTRUCTION OF BUILDINGS AND INFRASTRUCTURE

Approval in terms of PDA

The land can be formally transferred to a purchaser to commence development

3 085 developable hectares have Act 70 of 1970 approval which represents 39% of the Land Portfolio

TOTAL

7 970 ha

886 developable hectares subject to gazetted land claims, all of which were owned by Tongaat Hulett prior to 1913

> 24 MONTHS

8 MONTHS

1 MONTH








3 MONTHS



RANGE OF POSSIBLE 5-YEAR SALES OUTCOMES

Consideration of planned progress in moving land towards shovel ready, with the necessary metropolitan and regional scale infrastructure, in accordance with the land conversion and development model shown on pages 16 and 17; and in conjunction with growing; and taking advantage of the potential demand drivers described on pages 8 to 15; and an assessment of the sales approaches most appropriate for each demand driver, including sales of larger portions of land where the buyer will take a number of years to fully develop that land, leads to the following possible sales outcomes.

possible sales outcomes.

DEMAND DRIVER			AS PREVIOUSLY COMMUNICATED				DEVELOPABLE HECTARES SOLD IN THE YEAR TO 31 MARCH 2016	LATEST POSSIBLE 5-YEAR SALES OUTCOMES			
			Range of Dev ha		Range of Profit per Dev ha			Range of Dev ha		Range of Profit per Dev ha	
			From	To	From	To		From	To	From	To
	High Intensity Urban Mixed Use		80	135	22.0	39.0	7	75	120	22.0	39.0
	Predominantly residential neighbourhoods ¹	Mid-market neighbourhoods ²	125	175	3.5	7.5	21	125	175	3.5	7.5
		Integrated affordable neighbourhoods ³	50	150	2.5	3.8	-	50	250	2.5	3.8
		Public sector facilitated residential neighbourhoods ⁴	200	722	2.0	2.4	-	150	450	2.0	2.4
	Urban Amenities for Residential Neighbourhoods ⁵		15	66	3.8	6.0	15	60	115	3.8	6.0
	High-end Markets	City hotels and residences	6	16	12.0	25.0	-	6	16	12.0	25.0
		Coastal resorts catering to domestic, charter markets	10	50	3.5	5.0	-	10	50	3.5	5.0
		High-end residential developments	20	50	6.0	9.0	29	65	120	6.0	12.0
	Office Market		8	50	6.0	15.4	22	20	50	6.0	15.4
	Warehousing, logistics, industrial, business park, manufacturing and big-box retail		120	350	5.0	9.5	13	100	300	5.0	9.5
	Unique Clusters of opportunity		4	100	4.0	7.5	14	25	100	4.0	7.5

Previous descriptors for demand drivers where articulation has evolved:

1 Housing markets, **2** Mid-market housing, **3** Affordable housing, **4** Government-subsidised housing, **5** High-end city hotels and residences

**AREAS FROM WHICH THE RANGE OF POSSIBLE 5-YEAR SALES OUTCOMES
ARE EXPECTED TO COME - AS AT 31 MARCH 2016**

	AREA	Page ref	Developable hectares		Demand Driver
DURBAN TO BALLITO	URBAN GROWTH AND CONSOLIDATION - UMHLANGA REGION		927	2 942 developable hectares from a total of 4 384	
	Ridgeside Remaining Precinct 1	22	8		
	Ridgeside Precinct 2	23	31		
	Ridgeside Precinct 4	24	0		
	uMhlanga Ridge Town Centre - Commercial	25	1		
	uMhlanga Ridge Town Centre - Residential	26	4		
	Izinga	27	64		
	Kindlewood	28	11		
	uMhlanga Ridge Extension - Cornubia New Town Phase 2		178		
	uMhlanga Ridge Town Centre Western Expansion	29	25		
	N2 Business Park	30	2		
	uMhlanga Hills	31	43		
	Marshall Dam Residential	32	12		
	Marshall Dam Town Centre	33	39		
	Consolidating Urban	33	43		
	Integrated Residential	34	14		
	Cornubia Industrial	35	6		
	Cornubia North		624		
	Integrated Residential	36	200		
	Medium Density Residential	37	100		
	Consolidating Urban	37	85		
	N2 Business Park	37	69		
	Industrial	37	170		
	COASTAL / LIFESTYLE / LEISURE / HIGH-END RESIDENTIAL		256		
	Zimbali Lakes	38	48		
	Sibaya Node 1	39	30		
	Sibaya Node 5	40	76		
	Sibaya Node 4	41	103		
	AIRPORT REGION BUSINESS AND RESIDENTIAL		1 725		
	uShukela Drive - Airport Linked Industrial, Retail and Logistics	42	49		
	Amanzimnyama - Office / Business / Industrial and Logistics Park	43	345		
	Compensation (East) - Industrial and Manufacturing	44	73		
	Compensation Western Expansion - Industrial and Manufacturing	45	152		
	iNyanninga East - Industrial / Logistics / Manufacturing	46	550		
	iNyanninga West, Lindokuhle, Aberfoyle, Dudley Pringle - Residential and Urban Expansion of oThongathi (Tongaath)	47	556		
	REMAINING SITES ON NEARLY COMPLETED DEVELOPMENTS	48 & 49	34		
WEST OF DURBAN	URBAN EXPANSION WEST OF DURBAN		467	467 developable hectares from a total of 1 086	
	Ntshongweni - Residential Infill / Consolidation	50	57		
	Ntshongweni - Retail and Urban Core	51	64		
	Ntshongweni - Logistics and Business Park	52	161		
	Ntshongweni - Integrated Residential	53	185		
COASTAL NORTH OF BALLITO	COASTAL NORTH OF BALLITO		270	270 developable hectares from a total of 2 500	
	Tinley Manor South Banks – Resort	54	270		
	GRAND TOTAL		3 679	3 679 developable hectares from a total of 7 970	

AREAS FROM WHICH SALES IN THE RANGE OF POSSIBLE 5 YEAR SALES OUTCOMES ARE EXPECTED TO COME WITHIN WHICH
 AREAS WHERE SALES OR NEGOTIATIONS HAVE COMMENCED OR ARE ABOUT TO COMMENCE



DEMAND DRIVERS ICON OVERVIEW



HIGH-INTENSITY
URBAN MIXED USE



PREDOMINANTLY
RESIDENTIAL NEIGHBOURHOODS



URBAN AMENITIES FOR
RESIDENTIAL NEIGHBOURHOODS



HIGH-END MARKETS



OFFICE MARKET



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



UNIQUE CLUSTERS OF OPPORTUNITY



DETAILED SHEETS FOR EACH OF THE AREAS FROM WHICH THE RANGE OF POSSIBLE 5-YEAR SALES OUTCOMES ARE EXPECTED TO COME



Areas from which sales in the range of possible
5-year sales outcomes are expected to come

WITHIN WHICH

Areas where sales or negotiations have
commenced or are about to commence



RIDGESIDE REMAINING PRECINCT 1

Durban to Ballito area
uMhlanga region
Ridgeside

8 DEVELOPABLE
HECTARES

MEDIAN PROFIT
PREMIUM VALUE
COMMERCIAL SENSITIVE

MEDIAN PROFIT
PER HECTARE
COMMERCIAL SENSITIVE



OPPORTUNITY

- Prime location in highly sought-after region with scarcity of available sites
- Two-year comprehensive process has led to significant interest for multiple uses

LAND USE



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

The decision to sell Ridgeside Precinct 1 as multiple sales rather than a single sale is proving optimal.

Sales since November 2015 included mixed use sites to be used for premium corporate offices and high-end residential.

Currently dealing with multiple enquiries for a variety of uses including hotels, offices, residential and mixed use concepts.



PROJECT STATUS

Release from Agriculture	✓
Shovel ready	✓ An application is being considered to modify the mix of uses to optimise value
Infrastructure considerations	No constraints anticipated

■ AREAS FROM WHICH SALES IN THE RANGE OF POSSIBLE 5 YEAR SALES OUTCOMES ARE EXPECTED TO COME
■ AREAS WHERE SALES OR NEGOTIATIONS HAVE COMMENCED OR ARE ABOUT TO COMMENCE
■ FEATURED LAND ASSET
● SALES ACHIEVED IN FULL YEAR REPORTING PERIOD

RIDGESIDE PRECINCT 2

Durban to Ballito area
uMhlanga region
Ridgeside

31 DEVELOPABLE
HECTARES

MEDIAN PROFIT
PREMIUM VALUE
COMMERCIALLY SENSITIVE

MEDIAN PROFIT
PER HECTARE
COMMERCIALLY SENSITIVE



OPPORTUNITY

- Prime location in highly sought-after region with scarcity of available sites
- High-end residential in prime address with all amenities

LAND USE



- High-end residential
- Hotels, hospitality and other tourism
- Limited office and retail uses
- Possible unique cluster such as retirement

The land was withdrawn from the market during a comprehensive two-year process towards a single sale together with the remainder of precinct 1. A multiple sales approach is now being embarked upon, concentrating on key markets where interest is being expressed.

KEY SOCIO-ECONOMIC OUTCOMES

- This landholding extends Durban's offering as a lifestyle and investment destination. Total fixed investment in the precinct is expected to exceed R8 billion
- A number of inclusionary residential units have been incorporated in co-operation with the municipality to enable people working in the area to live here
- Ridgeside ensures the upgrading and sustainability of over 40 hectares of coastal forest and open space



PROJECT STATUS

Release from Agriculture	✓
Shovel ready	✓ An application is being considered to modify the layout and mix of uses to optimise value
Infrastructure considerations	No constraints anticipated

■ AREAS FROM WHICH SALES IN THE RANGE OF POSSIBLE 5 YEAR SALES OUTCOMES ARE EXPECTED TO COME
■ AREAS WHERE SALES OR NEGOTIATIONS HAVE COMMENCED OR ARE ABOUT TO COMMENCE
■ FEATURED LAND ASSET
● SALES ACHIEVED IN FULL YEAR REPORTING PERIOD

RIDGESIDE PRECINCT 4

Durban to Ballito area
uMhlanga region
Ridgeside

0 DEVELOPABLE
HECTARES

MEDIAN PROFIT
PRECINCT SOLD IN ITS ENTIRETY

**MEDIAN PROFIT
PER HECTARE**
R10.1 MILLION PER
DEVELOPABLE HECTARE ACHIEVED



OPPORTUNITY

- High-end, medium to high-density residential in prime location with increasing scarcity
- Other uses can be considered to optimise value

LAND USE



- Prime mid-market to high-end residential
- Premium-grade corporate offices

This unique opportunity has been sold in its entirety to a developer ahead of the timing anticipated at the last update in response to higher than anticipated demand for high end residential opportunities.

The sale of the site for a high-end use at lower intensity has obviated the need for further planning processes and provides more options for the development for Precinct 2.

KEY SOCIO-ECONOMIC OUTCOMES

- This high-end residential development optimises the infrastructure previously installed and accelerates the generation of additional revenue to the city in the form of rates and user charges



PROJECT STATUS

Release from Agriculture	✓
Shovel ready	✓
Infrastructure considerations	No constraints anticipated

■ AREAS FROM WHICH SALES IN THE RANGE OF POSSIBLE 5 YEAR SALES OUTCOMES ARE EXPECTED TO COME
■ AREAS WHERE SALES OR NEGOTIATIONS HAVE COMMENCED OR ARE ABOUT TO COMMENCE
■ FEATURED LAND ASSET
● SALES ACHIEVED IN FULL YEAR REPORTING PERIOD

UMHLANGA RIDGE TOWN CENTRE Commercial

Durban to Ballito area
uMhlanga region
uMhlanga Ridge Town Centre

<1 DEVELOPABLE
HECTARES

MEDIAN PROFIT
PREMIUM VALUE
COMMERCIALLY SENSITIVE

MEDIAN PROFIT
PER HECTARE
>R30 MILLION



OPPORTUNITY

- Prime location. Last sites in highly sought-after region
- Location directly on GO!Durban route and future bus station

LAND USE



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

These last remaining sites are being intensively marketed to developers and end users. Multiple enquiries are being followed up with potential for the development of BPO, Hotel and Academic Institution.

uMhlanga Ridge Town Centre has achieved a critical mass where further densification over time is likely and desirable. Tongaat Hulett has completed a first valuation of this potential and is finalising processes to optimise the value created.

KEY SOCIO-ECONOMIC OUTCOMES

- Umhlanga Ridge Town Centre is a successful pilot for the country of a high intensity, integrated, mixed use urban new town
- The area is being evaluated as a case study of successful urban development to unlock future collaboration



PROJECT STATUS

Release from Agriculture	✓
Shovel ready	✓
Infrastructure considerations	No constraints anticipated Installation of the GO!Durban transport system will further enhance attractiveness of the sites and the potential to densify

■ AREAS FROM WHICH SALES IN THE RANGE OF POSSIBLE 5 YEAR SALES OUTCOMES ARE EXPECTED TO COME
■ AREAS WHERE SALES OR NEGOTIATIONS HAVE COMMENCED OR ARE ABOUT TO COMMENCE
■ FEATURED LAND ASSET
● SALES ACHIEVED IN FULL YEAR REPORTING PERIOD

UMHLANGA RIDGE TOWN CENTRE Residential

Durban to Ballito area
uMhlanga region
uMhlanga Ridge Town Centre

<4 DEVELOPABLE
HECTARES

MEDIAN PROFIT
>R80 MILLION

**MEDIAN PROFIT
PER HECTARE**
>R25 MILLION



OPPORTUNITY

- Affordable and mid-market medium to high-density residential in developing town centre
- Limited available opportunities and increasing scarcity
- Sales concluded over the past year in this area, which is close to fully serviced, will generate substantial cash during the 2016/17 financial year

LAND USE



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



The limited development opportunities in uMhlanga are driving demand for remaining sites. Sites are being actively taken to market to allow developers to assemble development schemes to capitalise on the surrounding town centre development, the public transportation systems and increasing demand for affordable and mid-market neighbourhoods.

KEY SOCIO ECONOMIC OUTCOMES

- Yield of over 4 500 affordable to mid-market homes
- Development of an urban integration, where homes, jobs and amenities are within walking distance of each other
- High intensity development, where infrastructure investment has been highly leveraged

PROJECT STATUS

Release from Agriculture	✓
Shovel ready	✓ Majority of developable bulk sold – additional residential units being applied for
Infrastructure considerations	No constraints anticipated Installation of the GO!Durban public transportation system will further enhance the value and attractiveness of this development

■ AREAS FROM WHICH SALES IN THE RANGE OF POSSIBLE 5 YEAR SALES OUTCOMES ARE EXPECTED TO COME
■ AREAS WHERE SALES OR NEGOTIATIONS HAVE COMMENCED OR ARE ABOUT TO COMMENCE
■ FEATURED LAND ASSET
★ SALES ACHIEVED IN FULL YEAR REPORTING PERIOD

IZINGA CURRENT & FUTURE PHASES

Durban to Ballito area
uMhlanga region
Izinga

64 DEVELOPABLE
HECTARES

MEDIAN PROFIT
R300 MILLION
(RANGE R269 - R512 MILLION)

**MEDIAN PROFIT
PER HECTARE**
R4.7 MILLION
(RANGE R4.2 - R8 MILLION)



OPPORTUNITY

- Builds on established brand, infrastructure and amenity
- Business education facility to be established complements existing amenities
- Possibility to increase intensity of land use through new applications

The last remaining sectional title development sites (3 developable hectares) are currently in sales processes and are expected to yield cash profit of approximately R5.5 million per developable hectare

LAND USE



- Mid-market to high-end residential
- Medium density, well located with substantial amenities



The sales strategy, including timing and phasing of release to market, will be selected based on the achievement of enhanced development rights and assessment of market demand and supply. The inclusion of mixed uses and further educational amenities will be considered for their impact on value.

KEY SOCIO ECONOMIC OUTCOMES

- Yield of high value, high amenity residential neighbourhood that is integrated with surrounding communities
- Recent collaboration with Toyota will lead to the development of a business school focusing on scarce manufacturing and industrial skills

PROJECT STATUS

Release from Agriculture	✓
Shovel ready	Amended and enhanced rights to be sought through amended EIA application
Infrastructure considerations	No constraints anticipated Major infrastructure and amenities completed

■ AREAS FROM WHICH SALES IN THE RANGE OF POSSIBLE 5 YEAR SALES OUTCOMES ARE EXPECTED TO COME
■ AREAS WHERE SALES OR NEGOTIATIONS HAVE COMMENCED OR ARE ABOUT TO COMMENCE
■ FEATURED LAND ASSET
★ SALES ACHIEVED IN FULL YEAR REPORTING PERIOD

KINDLEWOOD

Durban to Ballito area
uMhlanga region
Kindlewood

11 DEVELOPABLE
HECTARES

MEDIAN PROFIT
>R44 MILLION

**MEDIAN PROFIT
PER HECTARE**
>R4 MILLION



OPPORTUNITY

- Increasingly scarce high-quality residential living close to all amenities
- Retirement

This development is approaching completion, creating scarcity and allowing for premium pricing. A recent sale for retirement purposes has been achieved, allowing further densification.

LAND USE



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

KEY SOCIO-ECONOMIC OUTCOMES

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



PROJECT STATUS

Release from Agriculture	✓
Shovel ready	Additional residential units being applied for to allow for densification and retirement use
Infrastructure considerations	No constraints anticipated

■ AREAS FROM WHICH SALES IN THE RANGE OF POSSIBLE 5 YEAR SALES OUTCOMES ARE EXPECTED TO COME
■ AREAS WHERE SALES OR NEGOTIATIONS HAVE COMMENCED OR ARE ABOUT TO COMMENCE
■ FEATURED LAND ASSET
✱ SALES ACHIEVED IN FULL YEAR REPORTING PERIOD

UMHLANGA RIDGE TOWN CENTRE WESTERN EXPANSION - CORNUBIA NEW TOWN

Durban to Ballito area
uMhlanga region
Cornubia New Town

25 DEVELOPABLE
HECTARES

MEDIAN PROFIT
COMMERCIALLY SENSITIVE

MEDIAN PROFIT
PER HECTARE
PROFITABILITY TO BE IN RANGE
EXPECTED FROM INTENDED MIX
OF LAND USES



OPPORTUNITY

- 3 new interchanges providing major new access infrastructure currently under construction
- Situated on GO!Durban public transport route, construction commenced
- Construction of Cornubia Retail Park underway which will act as a catalyst to development

LAND USE



- High-intensity urban mixed use
- Prime mid-market and affordable residential neighbourhood
- Premium and A-grade offices and Business Process Outsourcing (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

Interest is already being expressed for a range of urban uses. Marketing will commence soon to position the opportunity with end users, developers and investors. A flexible approach is being adopted that will cater for sales of individual sites, various sub-precincts or the entire land asset.

KEY SOCIO-ECONOMIC OUTCOMES

- Major impact in linking surrounding communities
- Sales to date include significant black economic empowerment transactions
- Anticipated to yield over 3000 well located, affordable and mid-market homes
- Projected annual municipal rates of over R50 million



PROJECT STATUS

Release from Agriculture	✓
Shovel ready	✓
Infrastructure considerations	Construction of three interchanges underway, including part of the GO!Durban route.

■ AREAS FROM WHICH SALES IN THE RANGE OF POSSIBLE 5 YEAR SALES OUTCOMES ARE EXPECTED TO COME
■ AREAS WHERE SALES OR NEGOTIATIONS HAVE COMMENCED OR ARE ABOUT TO COMMENCE
■ FEATURED LAND ASSET
✱ SALES ACHIEVED IN FULL YEAR REPORTING PERIOD

N2 BUSINESS PARK

Durban to Ballito area
uMhlanga region
Cornubia New Town

2 DEVELOPABLE
HECTARES

MEDIAN PROFIT
COMMERCIALLY SENSITIVE

MEDIAN PROFIT PER HECTARE
COMMERCIALLY SENSITIVE

**MEDIAN PROFIT ON
ADDITIONAL BULK**
POTENTIALLY R160 MILLION FOR
NO FURTHER HECTARES SOLD



OPPORTUNITY

- Most of this precinct has been sold to a developer who is actively developing concepts and sourcing end users
- Collaboration with the buyer offers opportunities for further value creation

LAND USE



- Warehousing, logistics, industrial, business park, manufacturing and big box retail
- Wide range of office uses

The commercial approach to this land asset is twofold. The remaining site in the precinct is unique in this location and is positioned for revenue maximisation - several enquiries have been received. The zoning permissions and infrastructure allow for increased intensity of use on the area already sold.

KEY SOCIO-ECONOMIC OUTCOMES

- Mixed commercial land use, in close proximity to existing and planned residential neighbourhoods, estimated to yield 1 100 permanent jobs on completion
- Estimated increased municipal rates of R70 million annually



PROJECT STATUS

Release from Agriculture	✓
Shovel ready	✓
Infrastructure considerations	No constraints anticipated Construction of new interchange on M41 has commenced, together with bridge and partial interchange off N2 to link with uMhlanga Ridge New Town Centre

■ AREAS FROM WHICH SALES IN THE RANGE OF POSSIBLE 5 YEAR SALES OUTCOMES ARE EXPECTED TO COME
■ AREAS WHERE SALES OR NEGOTIATIONS HAVE COMMENCED OR ARE ABOUT TO COMMENCE
■ FEATURED LAND ASSET
✱ SALES ACHIEVED IN FULL YEAR REPORTING PERIOD

UMHLANGA HILLS

Durban to Ballito area
uMhlanga region
Cornubia New Town

43 DEVELOPABLE
HECTARES

MEDIAN PROFIT
COMMERCIALLY SENSITIVE

MEDIAN PROFIT
PER HECTARE
COMMERCIALLY SENSITIVE
IN THE RANGE INDICATED FOR
INTEGRATED AFFORDABLE
NEIGHBOURHOODS



OPPORTUNITY

- High-quality, affordable, well-located residential, with high amenity
- Accessibility improving with new roads and interchanges currently being constructed
- Walking distance from new Cornubia shopping centre, currently under construction

LAND USE



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

Options are being evaluated to sell as five separate precincts, one development or a series of developments.

Several potential developers are being introduced to the opportunity.

Negotiations are progressing to secure a high-quality educational facility as an early driver of value in the precinct.

KEY SOCIO-ECONOMIC OUTCOMES

- Expected to yield some 1 400 well located and affordable homes on completion
- Opportunity to create a high-density residential neighbourhood designed to integrate optimally with GO!Durban public transport system

PROJECT STATUS

Release from Agriculture	✓
Shovel ready	EIA approved Detailed planning well advanced
Infrastructure considerations	Construction of new interchange on M41 has commenced, together with bridge and partial interchange off N2 to link with uMhlanga Ridge New Town Centre as part of the GO!Durban public transport route



■ AREAS FROM WHICH SALES IN THE RANGE OF POSSIBLE 5 YEAR SALES OUTCOMES ARE EXPECTED TO COME
■ AREAS WHERE SALES OR NEGOTIATIONS HAVE COMMENCED OR ARE ABOUT TO COMMENCE
■ FEATURED LAND ASSET
● SALES ACHIEVED IN FULL YEAR REPORTING PERIOD

MARSHALL DAM RESIDENTIAL

Durban to Ballito area
uMhlanga region
Cornubia New Town

12 DEVELOPABLE
HECTARES

MEDIAN PROFIT
COMMERCIALLY SENSITIVE

MEDIAN PROFIT
PER HECTARE
COMMERCIALLY SENSITIVE
IN THE RANGE INDICATED FOR
INTEGRATED AFFORDABLE
NEIGHBOURHOODS



OPPORTUNITY

- High-quality, affordable, well-located high-density residential, with high amenity

LAND USE



- Affordable to mid-market neighbourhoods, medium to high-density residential
- Unique opportunity based on amenity value associated with the unique location adjacent to the Marshall Dam

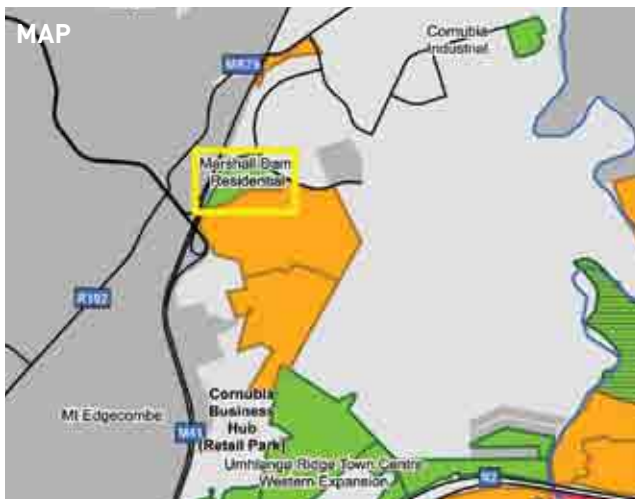
It has recently been confirmed that this area will not be required to accommodate the Commonwealth Games Athletes Village.

Processes have thus re-commenced to achieve a well located, affordable to mid-market neighbourhood.

Developers and Institutional investors / funds have shown interest in developing this site as an affordable rental housing opportunity. Engagements are ongoing.

KEY SOCIO-ECONOMIC OUTCOMES

- Being positioned to yield up over 1 000 affordable and mid-market homes in an integrated neighbourhood



PROJECT STATUS

Release from Agriculture	✓
Shovel ready	✓
Infrastructure considerations	No constraints anticipated Value of the land will be enhanced by improved road linkage to the GO!Durban route and major road network

■ AREAS FROM WHICH SALES IN THE RANGE OF POSSIBLE 5 YEAR SALES OUTCOMES ARE EXPECTED TO COME
■ AREAS WHERE SALES OR NEGOTIATIONS HAVE COMMENCED OR ARE ABOUT TO COMMENCE
■ FEATURED LAND ASSET
● SALES ACHIEVED IN FULL YEAR REPORTING PERIOD

MARSHALL DAM TOWN CENTRE AND CONSOLIDATING URBAN

(uMhlanga Ridge
Town Centre Western
Expansion)

Durban to Ballito area
uMhlanga region
Cornubia New Town

82 DEVELOPABLE
HECTARES

MEDIAN PROFIT

R965 MILLION

(RANGE R740 - R1 310 MILLION)

MEDIAN PROFIT

PER HECTARE

R11,8 MILLION

(RANGE R9,0 - R16,0 MILLION)



OPPORTUNITY

- Strategically located on the GO!Durban route
- Envisaged nexus of a high-intensity urban mixed-use node comprising offices, retail, hotels and residential services

LAND USE



- Affordable to mid-market neighbourhoods, medium to high-density residential
- Range of high intensity mixed urban uses arising from expansion of Umhlanga Ridge Town Centre and location on major public transport route
- Unique opportunity based on amenity value associated with the unique location adjacent to the Marshall Dam

The land asset will be marketed to take advantage of the adjacency to Marshall Dam and the location on the GO!Durban route.

KEY SOCIO-ECONOMIC OUTCOMES

- This development will fully integrate living and working opportunities within a walking distance
- The nature and intensity will ensure that the public transportation system is leveraged and optimal



PROJECT STATUS

Release from Agriculture	✓
Shovel ready	EIA approved, detailed planning to commence
Infrastructure considerations	No constraints anticipated Value of the land will be enhanced by improved road linkage to the GO! Durban route and major road network

■ AREAS FROM WHICH SALES IN THE RANGE OF POSSIBLE 5 YEAR SALES OUTCOMES ARE EXPECTED TO COME
■ AREAS WHERE SALES OR NEGOTIATIONS HAVE COMMENCED OR ARE ABOUT TO COMMENCE
■ FEATURED LAND ASSET
★ SALES ACHIEVED IN FULL YEAR REPORTING PERIOD

INTEGRATED RESIDENTIAL (CORNUBIA NEW TOWN)

Durban to Ballito area
uMhlanga region
Cornubia New Town

14 DEVELOPABLE
HECTARES

MEDIAN PROFIT
COMMERCIALLY SENSITIVE

MEDIAN PROFIT
PER HECTARE
COMMERCIALLY SENSITIVE
IN THE RANGE INDICATED FOR PUBLIC
SECTOR FACILITATED AND INTEGRATED
AFFORDABLE NEIGHBOURHOODS



OPPORTUNITY

- High-quality, affordable, well-located residential, with high amenity
- Adjacent to high-end residential suburb (Izinga) and N2 Business estate expected to see development commence in 18 to 24 months

LAND USE



- Affordable to mid-market neighbourhoods, medium to high-density residential, with associated urban amenities
- The opportunity to include a greater mix of uses into a residential neighbourhood is being evaluated

Engagement has commenced with large portfolio investors and developers for potential housing development to accommodate demand arising from growing employment in the area, including rental and home ownership options. A flexible approach is being adopted to cater for sales of various sub-precincts or the entire land asset.

KEY SOCIO-ECONOMIC OUTCOMES

- 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 living in the area currently, and facilitate a truly integrated inclusionary mixed use neighbourhood
- The development of an affordable residential neighbourhood immediately adjacent to new employment opportunities being created



PROJECT STATUS

Release from Agriculture	✓
Shovel ready	EIA approved Detailed planning well advanced
Infrastructure considerations	No constraints anticipated

■ AREAS FROM WHICH SALES IN THE RANGE OF POSSIBLE 5 YEAR SALES OUTCOMES ARE EXPECTED TO COME
■ AREAS WHERE SALES OR NEGOTIATIONS HAVE COMMENCED OR ARE ABOUT TO COMMENCE
■ FEATURED LAND ASSET
● SALES ACHIEVED IN FULL YEAR REPORTING PERIOD

CORNUBIA INDUSTRIAL

Durban to Ballito area
uMhlanga region
Cornubia Industrial

6 DEVELOPABLE
HECTARES

MEDIAN PROFIT
COMMERCIALLY SENSITIVE

MEDIAN PROFIT
PER HECTARE
COMMERCIALLY SENSITIVE
IN THE RANGE INDICATED FOR
THIS LAND USE



OPPORTUNITY

- Last available site in established, growing business estate

Remaining hectares consist primarily of a single, large site. The site is being marketed based on the increasing attractiveness of the location as momentum increases on top structure development on the remainder of the estate.

LAND USE



- Warehousing, logistics, industrial, business park and manufacturing

KEY SOCIO-ECONOMIC OUTCOMES

- Total fixed investment in factories and warehouses of over R6 billion, yielding new municipal rates of R160 million per year
- Adjacent to government subsidised housing development, currently approaching 2 500 houses. Collaborative social programmes have been initiated, expected to maximise local benefit of in excess of 4 500 jobs to be created



PROJECT STATUS

Release from Agriculture	✓
Shovel ready	✓
Infrastructure considerations	No constraints anticipated

■ AREAS FROM WHICH SALES IN THE RANGE OF POSSIBLE 5 YEAR SALES OUTCOMES ARE EXPECTED TO COME
■ AREAS WHERE SALES OR NEGOTIATIONS HAVE COMMENCED OR ARE ABOUT TO COMMENCE
■ FEATURED LAND ASSET
● SALES ACHIEVED IN FULL YEAR REPORTING PERIOD

INTEGRATED RESIDENTIAL (CORNUBIA NORTH)

Durban to Ballito area
uMhlanga region
Cornubia North

200 DEVELOPABLE
HECTARES

MEDIAN PROFIT
R440 MILLION

**MEDIAN PROFIT
PER HECTARE**
R2,2 MILLION



OPPORTUNITY

- Priority area to extend existing Cornubia catalytic project to address the substantial backlog of high-quality, public sector facilitated, affordable, well-located residential, with associated residential services

LAND USE



- Public sector facilitated and integrated affordable medium to high-density residential neighbourhood, with associated urban amenities

The success of the Cornubia development and the commencement of development at Sibaya signal the accelerated demand for land between uMhlanga and the airport. Cornubia North is a logical expansion of Cornubia and could accommodate in excess of 20 000 well-located, public sector facilitated and affordable homes. An early sale to a government-related entity is possible and discussions are being held.

KEY SOCIO-ECONOMIC OUTCOMES

- Yields an opportunity for the development of a broad range of residential types in an organised framework, linking communities, jobs and other amenities in a spatially integrated manner

PROJECT STATUS

Release from Agriculture	Pending approval
Shovel ready	Framework plan under review with municipality EIA underway
Infrastructure considerations	No constraints anticipated Installation of major road, interchange and GO!Durban public transport facilities will enhance the future value of the site



■ AREAS FROM WHICH SALES IN THE RANGE OF POSSIBLE 5 YEAR SALES OUTCOMES ARE EXPECTED TO COME
■ AREAS WHERE SALES OR NEGOTIATIONS HAVE COMMENCED OR ARE ABOUT TO COMMENCE
■ FEATURED LAND ASSET
● SALES ACHIEVED IN FULL YEAR REPORTING PERIOD

CORNUBIA NORTH

Durban to Ballito area
uMhlanga region
Cornubia North

424 DEVELOPABLE
HECTARES

MEDIAN PROFIT
R2 200 MILLION
(RANGE R1 900 - R2 970 MILLION)

**MEDIAN PROFIT
PER HECTARE**
R5,2 MILLION
(RANGE R4,5 - R7,0 MILLION)



OPPORTUNITY

- Use the momentum of strategies established in Cornubia to accelerate development, while optimising density and usage to increase value
- A first phase could be accelerated around the existing N2 interchange at Sibaya to build on demand for additional business park development along the N2.

Cornubia North provides opportunity for further affordable and mid-market residential neighbourhoods, business park and industrial uses, together with further urban growth and consolidation along key transport routes.

LAND USE



KEY SOCIO-ECONOMIC OUTCOMES

- Has the potential to accelerate fixed investment in this priority urban corridor through an early start on business park uses
- Allows for the extension of the existing successful Cornubia collaboration to establish significant scale and impact



PROJECT STATUS

Release from Agriculture	Pending approval
Shovel ready	Framework plan under review with municipality EIA underway
Infrastructure considerations	High-level planning well advanced Engagements with service providers will progress in line with planning process

■ AREAS FROM WHICH SALES IN THE RANGE OF POSSIBLE 5 YEAR SALES OUTCOMES ARE EXPECTED TO COME
■ AREAS WHERE SALES OR NEGOTIATIONS HAVE COMMENCED OR ARE ABOUT TO COMMENCE
■ FEATURED LAND ASSET
● SALES ACHIEVED IN FULL YEAR REPORTING PERIOD

ZIMBALI LAKES

Durban to Ballito area
uMhlanga region
Zimbali

48 DEVELOPABLE
HECTARES

MEDIAN PROFIT
COMMERCIALLY SENSITIVE

MEDIAN PROFIT
PER HECTARE
COMMERCIALLY SENSITIVE



OPPORTUNITY

- High-end lifestyle market incorporating quality residential, resort and retirement in prime location

A joint venture development between Tongaat Hulett and IFA Hotels and Resorts. The commercial strategy seeks to unlock value from the complementary makeup of the joint venture partners. Sales approaches are currently being reviewed in line with enhancements to concept and mix.

LAND USE



- Coastal property, high-end and mid-market residential, hotel, resort and retirement

KEY SOCIO-ECONOMIC OUTCOMES

- Zimbali has attracted foreign direct investment and yielded the first Fairmont Hotels and Residences in South Africa
- Significant investment in leisure amenities including sports and beach facilities with public access
- Projected fixed property investment of over R8 billion, with increased municipal rates to KwaDukuza of R67 million annually
- Estimated 5 000 permanent jobs to be created

MAP



PROJECT STATUS

Release from Agriculture	✓
Shovel ready	✓ Amendments to concept and mix are in progress
Infrastructure considerations	No constraints anticipated

■ AREAS FROM WHICH SALES IN THE RANGE OF POSSIBLE 5 YEAR SALES OUTCOMES ARE EXPECTED TO COME
■ AREAS WHERE SALES OR NEGOTIATIONS HAVE COMMENCED OR ARE ABOUT TO COMMENCE
■ FEATURED LAND ASSET
★ SALES ACHIEVED IN FULL YEAR REPORTING PERIOD

SIBAYA - NODE 1

Durban to Ballito area
Coastal region
Sibaya

30 DEVELOPABLE
HECTARES

MEDIAN PROFIT
COMMERCIALLY SENSITIVE

MEDIAN PROFIT
PER HECTARE
COMMERCIALLY SENSITIVE



OPPORTUNITY

- Prime coastal location in sought-after region within close proximity to uMhlanga and the King Shaka International Airport

LAND USE



- Mid-market and high-end residential
- High-end city hotels and residences
- High-intensity urban mixed use
- Unique cluster of opportunity

Nineteen developable hectares have been sold over the past financial year. Two of these land transactions have seen end-user market releases with phenomenal success.

“Ocean Dune” (260 apartments) sold out within 4 months with prices of up to R38 000 per square metre of floor area and “Signature” (45 residential stands) is 80percent sold with prices from R4.2 million to over R10 million per individual property being achieved.

Further sales of complementary uses are being pursued following consolidation around these early catalytic sales.

KEY SOCIO-ECONOMIC OUTCOMES

- Enhances Durban's coastal tourism offerings
- Unlocks total fixed property investment of over R8 billion
- Upgrades and ensures future sustainability of a unique coastline and coastal forest

PROJECT STATUS

Release from Agriculture	✓
Shovel ready	✓
Infrastructure considerations	No constraints anticipated Physical construction to commence 3rd quarter 2016



■ AREAS FROM WHICH SALES IN THE RANGE OF POSSIBLE 5 YEAR SALES OUTCOMES ARE EXPECTED TO COME
■ AREAS WHERE SALES OR NEGOTIATIONS HAVE COMMENCED OR ARE ABOUT TO COMMENCE
■ FEATURED LAND ASSET
★ SALES ACHIEVED IN FULL YEAR REPORTING PERIOD

SIBAYA - NODE 5

Durban to Ballito area
Coastal region
Sibaya

76 DEVELOPABLE
HECTARES

MEDIAN PROFIT
COMMERCIALLY SENSITIVE

MEDIAN PROFIT
PER HECTARE
COMMERCIALLY SENSITIVE



OPPORTUNITY

- Prime coastal location in sought after region within close proximity to King Shaka International Airport, eMdloti and uMhlanga.

Following the release and success of Node 1, there has been significant interest in the adjacent Node 5 land asset for new and complementary markets including health and education, together with high-end residential.

It is likely that a substantial portion of Node 5 will be sold within the next 18 months.

LAND USE



- Mid-market and high-end residential, high-end city hotels and residences, resort
- Unique cluster of opportunity
- Urban amenities

KEY SOCIO-ECONOMIC OUTCOMES

- Projected total fixed investment exceeding R10 billion
- Opportunity to accommodate various unique clusters of uses that enhance Durban's attractiveness and competitiveness
- The development will enhance the attractiveness of the existing eMdloti village in multiple dimensions

PROJECT STATUS

Release from Agriculture	✓
Shovel ready	✓
Infrastructure considerations	No constraints anticipated



SIBAYA - NODE 4

Durban to Ballito area
Airport region
Sibaya

103 DEVELOPABLE
HECTARES

MEDIAN PROFIT
R502 MILLION
(RANGE R464 - R927 MILLION)

**MEDIAN PROFIT
PER HECTARE**
R4,9 MILLION
(RANGE R4,5 - R9,0 MILLION)



OPPORTUNITY

- Medium to high-density residential catering for mid-market to high-end, together with opportunities for a new office precinct located midway between uMhlanga and the airport
- Urban amenities to serve the existing community, together with new development in Nodes 1 and 5

The timing, phasing and release of this development will be managed to ensure that the opportunity for value creation is optimised. Consideration will be given to the progress on development of Nodes 1 and 5. It is likely that a flexible approach will be adopted for the commercial strategy to ensure that a broader pool of investors/developers is catered for.

LAND USE



- Mid to high-end residential

KEY SOCIO-ECONOMIC OUTCOMES

- The high visibility and accessibility of this landholding makes it an ideal location to attract new investment of a diversified nature into the region
- This development node allows for a highly co-ordinated approach in optimising the rollout of infrastructure to ensure an efficient return on infrastructure investment



PROJECT STATUS

Release from Agriculture	✓
Shovel ready	EIA underway
Infrastructure considerations	High-level planning well advanced Engagements with service providers will progress in line with planning process

■ AREAS FROM WHICH SALES IN THE RANGE OF POSSIBLE 5 YEAR SALES OUTCOMES ARE EXPECTED TO COME
■ AREAS WHERE SALES OR NEGOTIATIONS HAVE COMMENCED OR ARE ABOUT TO COMMENCE
■ FEATURED LAND ASSET
★ SALES ACHIEVED IN FULL YEAR REPORTING PERIOD

USHUKELA DRIVE

Airport linked industrial, retail and logistics

Durban to Ballito area
Airport region
Ushukela Drive

49

DEVELOPABLE HECTARES

MEDIAN PROFIT

COMMERCIALLY SENSITIVE

MEDIAN PROFIT PER HECTARE

COMMERCIALLY SENSITIVE

OPPORTUNITY

- Prime location in sought-after airport region with scarcity of appropriately zoned sites
- Improving air connectivity and highway exposure

LAND USE



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

Marketing has commenced and this opportunity is being introduced to investors, large-scale developers and selected end-users. A flexible approach is being adopted to cater for sales of individual sites, various sub-precincts or the entire land asset. The sales strategy is leveraging off the unique location of the site relative to the King Shaka International Airport and national and provincial road exposure.

Sub-sectors such as retail distribution, electronic goods manufacturing and speciality retail are initial focus areas.

KEY SOCIO-ECONOMIC OUTCOMES

- Leverage and enhancement of government-led initiatives related to the airport and Dube Tradeport
- Creation of 60 000 full-time equivalent construction jobs and close to 4 000 permanent jobs in a region with current high unemployment

PROJECT STATUS

Release from Agriculture	✓
Shovel ready	EIA in advanced stage in collaboration with local municipality and Dube TradePort
Infrastructure considerations	No constraints anticipated Resolution of EIA required to enable trunk sewer to proceed



- AREAS FROM WHICH SALES IN THE RANGE OF POSSIBLE 5 YEAR SALES OUTCOMES ARE EXPECTED TO COME
- AREAS WHERE SALES OR NEGOTIATIONS HAVE COMMENCED OR ARE ABOUT TO COMMENCE
- FEATURED LAND ASSET
- ★ SALES ACHIEVED IN FULL YEAR REPORTING PERIOD

AMANZIMNYAMA

Office / Business /
Industrial and
logistics park

Durban to Ballito area
Airport region
Amanzimnyama

345 DEVELOPABLE
HECTARES

MEDIAN PROFIT

R1 660 MILLION
(RANGE R1 550 - R2 760 MILLION)

MEDIAN PROFIT PER HECTARE

R4,8 MILLION
(RANGE R4,5 - R8,0 MILLION)



OPPORTUNITY

- Demand for warehousing, logistics, industrial, business park, manufacturing, big box retail and offices in the emerging Aerotropolis

The sales and commercial strategy will be crafted to ensure that the phasing and timing of release of this development is aligned to the growing demand for this product in the Aerotropolis. Consideration for an office brand campus precinct is being actively explored.

LAND USE



- Warehousing, logistics, industrial, business park, manufacturing and warehouse retail
- Offices

KEY SOCIO-ECONOMIC OUTCOMES

- This development has the potential to yield R25 billion in fixed property investment with significant job creation both during and post-construction
- The large and interconnected green linkages will provide environmental, educational and commercial opportunities supported by integrated social programs

PROJECT STATUS

Release from Agriculture	Application being prepared for submission in conjunction with provincial and municipal authorities
Shovel ready	Framework planning at advanced stage
Infrastructure considerations	High-level planning underway Engagements with service providers to progress in line with planning process



■ AREAS FROM WHICH SALES IN THE RANGE OF POSSIBLE 5 YEAR SALES OUTCOMES ARE EXPECTED TO COME
■ AREAS WHERE SALES OR NEGOTIATIONS HAVE COMMENCED OR ARE ABOUT TO COMMENCE
■ FEATURED LAND ASSET
● SALES ACHIEVED IN FULL YEAR REPORTING PERIOD

COMPENSATION EAST

Industrial and manufacturing

Durban to Ballito area
Airport region
Compensation

73 DEVELOPABLE
HECTARES

MEDIAN PROFIT
R400 MILLION

**MEDIAN PROFIT
PER HECTARE**
R5.5 MILLION



OPPORTUNITY

- Increasingly scarce industrial land, well serviced by higher order roads and rail
- Large platforms of general industrial land that can accommodate manufacturing industries and large-scale logistics
- Potential for factories to be rail-served

LAND USE



- Warehousing, logistics, industrial, business park, manufacturing and warehouse retail
- Well located affordable to mid-market residential integrated with industrial development



This land is unique in the portfolio in its suitability for large-scale manufacturing with potential to be rail-served. The commercial strategy is centred on positioning the opportunity optimally for a range of manufacturing demand drivers.

The adjacent property, Compensation West, offers similar opportunity and land use potential. Commercial processes commenced on this eastern portion could shift or expand into Compensation West, particularly if very large sites are required.

KEY SOCIO-ECONOMIC OUTCOMES

- Potential for integrated industrial development, including substantial accommodation and associated amenities
- Addresses scarcity of large industrial sites suitable for large scale manufacturing and logistics around Durban

PROJECT STATUS

Release from Agriculture	✓
Shovel ready	EIA in advanced stage Shovel ready expected shortly
Infrastructure considerations	No constraints anticipated

■ AREAS FROM WHICH SALES IN THE RANGE OF POSSIBLE 5 YEAR SALES OUTCOMES ARE EXPECTED TO COME
■ AREAS WHERE SALES OR NEGOTIATIONS HAVE COMMENCED OR ARE ABOUT TO COMMENCE
■ FEATURED LAND ASSET
★ SALES ACHIEVED IN FULL YEAR REPORTING PERIOD

COMPENSATION WESTERN EXPANSION Industrial and manufacturing

**Durban to Ballito area
Airport region
Compensation**

152 DEVELOPABLE
HECTARES

MEDIAN PROFIT

R836 MILLION
(RANGE R760 - R988 MILLION)

MEDIAN PROFIT PER HECTARE

R5,5 MILLION
(RANGE R5 - R6.5 MILLION)



OPPORTUNITY

- Increasingly scarce industrial land between 20-40 hectares on a single platform, well serviced by higher-order roads and close to the King Shaka Airport
- Rail-served industrial sites are a possibility

The commercial approach will be to market the development opportunity with prospective end-users in identified markets towards realising significant value due to the proximity to the airport, accessibility and scarcity of large, flat, platformed land. Commercial processes on the East could very well be extended to the West as expansion requirements need to be accommodated.

LAND USE



- Warehousing, logistics, industrial, business park, manufacturing and warehouse retail

KEY SOCIO-ECONOMIC OUTCOMES

- The only land to be zoned 'general industries' in the region which permits heavy industry developments to be rolled out in support of the NDP
- Could generate over 10 000 jobs on a permanent and sustainable basis with the ability to draw skilled and semi-skilled labour from the surrounding amenities



PROJECT STATUS

Release from Agriculture	✓
Shovel ready	EIA at advanced stage
Infrastructure considerations	No constraints anticipated

This landholding is subject to gazetted land claim, undergoing processes to achieve resolution

■ AREAS FROM WHICH SALES IN THE RANGE OF POSSIBLE 5 YEAR SALES OUTCOMES ARE EXPECTED TO COME
 ■ AREAS WHERE SALES OR NEGOTIATIONS HAVE COMMENCED OR ARE ABOUT TO COMMENCE
 □ FEATURED LAND ASSET
 ● SALES ACHIEVED IN FULL YEAR REPORTING PERIOD

INYANINGA EAST Industrial / Logistics / Manufacturing

**Durban to Ballito area
Airport region
Inyanga**

550 DEVELOPABLE
HECTARES

MEDIAN PROFIT

R2 750 MILLION
(RANGE R2 475 - R4 125 MILLION)

MEDIAN PROFIT PER HECTARE

R5 MILLION
(RANGE R4,5 - R7,5 MILLION)



OPPORTUNITY

- The location on major access infrastructure and lying between the airport the town of Tongaat offers unique opportunities for multi modal logistics and manufacturing as well as urban consolidation
- Warehousing, logistics, industrial, business park, manufacturing, urban mixed use, offices, retail and a range of residential densities and incomes

LAND USE



- Warehousing, logistics, industrial, business park, manufacturing and warehouse retail
- High-intensity urban mixed use
- Corporate offices



The commercial strategy, timing and phasing of release of land assets will be assessed in line with market demands, rights application processes and infrastructure installation. The timing, phasing and release of neighbouring developments by other parties in the emerging Aerotropolis will also be assessed to ensure that value is created for a wider stakeholder base.

KEY SOCIO-ECONOMIC OUTCOMES

- This development plays a key role in stitching together the existing established nodes of Verulam and Tongaat, thereby providing greater economic integration
- Estimated R45 billion fixed investment into the local economy is expected to create 40 000 permanent and sustainable jobs with local municipal rates revenue exceeding R1 billion annually

PROJECT STATUS

Release from Agriculture	✓
Shovel ready	EIA in advanced stage in collaboration with local municipality and Dube TradePort
Infrastructure considerations	High-level planning well advanced Engagements with service providers will progress in line with planning process

■ AREAS FROM WHICH SALES IN THE RANGE OF POSSIBLE 5 YEAR SALES OUTCOMES ARE EXPECTED TO COME
■ AREAS WHERE SALES OR NEGOTIATIONS HAVE COMMENCED OR ARE ABOUT TO COMMENCE
□ FEATURED LAND ASSET
✱ SALES ACHIEVED IN FULL YEAR REPORTING PERIOD

INYANINGA WEST, LINDOKUHLÉ, ABERFOYLE & DUDLEY PRINGLE

**Durban to Ballito area
Airport region**

556 DEVELOPABLE
HECTARES

MEDIAN PROFIT

R1 300 MILLION
(RANGE R1 112 - R2 224 MILLION)

MEDIAN PROFIT PER HECTARE

R2,3 MILLION
(RANGE R2,0 - R4 MILLION)



OPPORTUNITY

- Collaboration with relevant stakeholders to deliver public sector facilitated, affordable and mid-market neighbourhoods, to enable expansion of oTongathi and Aerotropolis residential demand
- The high amenity potential of the Dudley Pringle Dam opens the opportunity for a number of unique development options

LAND USE

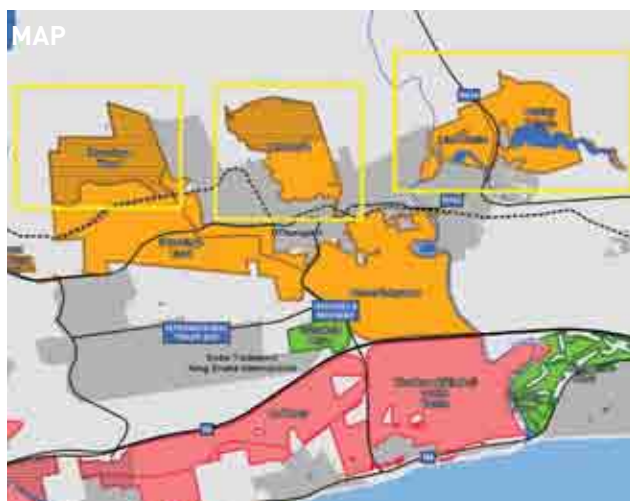


- Mixed and integrated residential neighbourhoods

The commercial strategy will be designed around engagement with government and other residential sector partners to jointly deliver accommodation for the subsidised, affordable and mid-market segments.

KEY SOCIO-ECONOMIC OUTCOMES

- These developments, when combined, have the potential to yield in excess of 30 000 residential units across a diverse range of affordability, tenure and typologies
- This will provide residential solutions to support the adjacent commercial and industrial growth nodes



PROJECT STATUS

Release from Agriculture	Mostly released, portions being processed
Shovel ready	EIA underway
Infrastructure considerations	High-level planning well advanced Engagements with service providers will progress in line with planning process

BRIDGE CITY

Durban to Ballito area
Remaining sites on nearly
completed developments

9

DEVELOPABLE
HECTARES

MEDIAN PROFIT
R72 MILLION

**MEDIAN PROFIT
PER HECTARE**
R8.0 MILLION



OPPORTUNITY

- Unique location, located directly on three GO!Durban routes under construction and rail station in operation

LAND USE

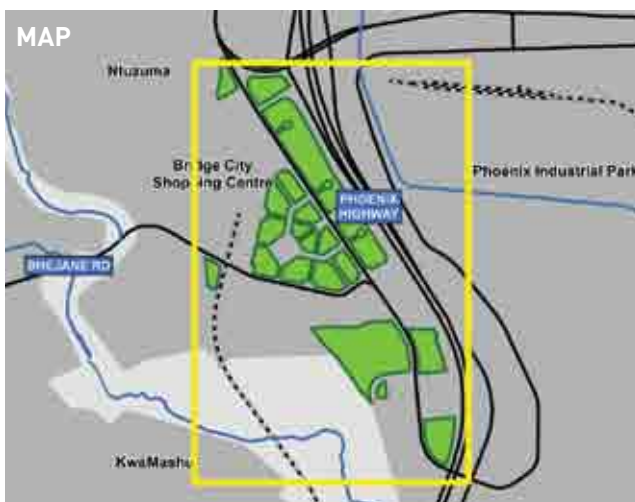


- High-intensity urban mixed use incorporating retail, offices and residential
- Centrally located and accessible business park

Critical mass has been achieved. Ongoing marketing is underway. Sales are expected to increase following completion of major infrastructural construction over the next 12 months.

KEY SOCIO-ECONOMIC OUTCOMES

- A formal joint venture with eThekini Municipality, the development has delivered a positive financial return
- The development is a leading example nationally of an integrative development in a former apartheid-era buffer strip
- Private investment in a 40 000 square metre shopping centre and the recent sale for a 32 000 square metre private hospital is bringing amenities and jobs to a former township area



PROJECT STATUS

Release from Agriculture	✓
Shovel ready	✓
Infrastructure considerations	No constraints anticipated Value of the land will be enhanced by improved road linkage to the GO!Durban route and major road network

■ AREAS FROM WHICH SALES IN THE RANGE OF POSSIBLE 5 YEAR SALES OUTCOMES ARE EXPECTED TO COME
■ AREAS WHERE SALES OR NEGOTIATIONS HAVE COMMENCED OR ARE ABOUT TO COMMENCE
■ FEATURED LAND ASSET
★ SALES ACHIEVED IN FULL YEAR REPORTING PERIOD

OTHER NEARLY COMPLETED DEVELOPMENTS

Durban to Ballito area
Remaining Sites

25 DEVELOPABLE
HECTARES

MEDIAN PROFIT
R72 MILLION

**MEDIAN PROFIT
PER HECTARE**
R2,9 MILLION



OPPORTUNITY

- Niche opportunity for small developers within existing development or acquisition opportunity for adjacent landholders

These are diverse land assets with an array of value drivers. Bespoke commercial and marketing strategies are being employed to ensure optimal value creation.

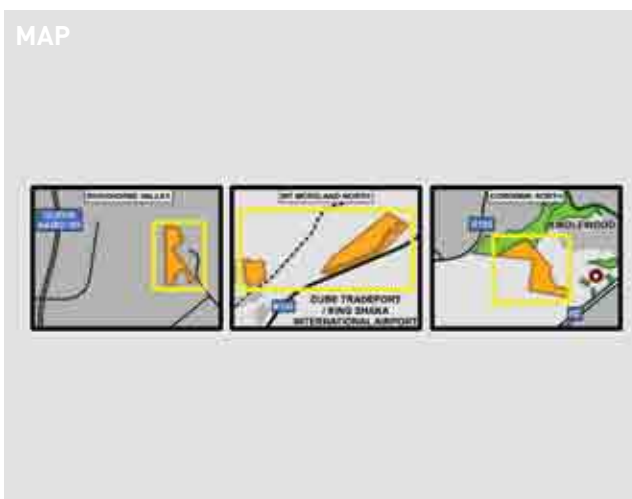
KEY SOCIO-ECONOMIC OUTCOMES

- The remaining sites, as indicated, act as strategic opportunities which, in association with the surrounding developments, will address primarily mid-market needs

LAND USE



- Warehousing, logistics, business park
- Wide range of office uses
- Neighbourhood markets



PROJECT STATUS

Release from Agriculture	✓
Shovel ready	✓
Infrastructure considerations	No constraints anticipated

■ AREAS FROM WHICH SALES IN THE RANGE OF POSSIBLE 5 YEAR SALES OUTCOMES ARE EXPECTED TO COME
 ■ AREAS WHERE SALES OR NEGOTIATIONS HAVE COMMENCED OR ARE ABOUT TO COMMENCE
 ■ FEATURED LAND ASSET
 ★ SALES ACHIEVED IN FULL YEAR REPORTING PERIOD

NTSHONGWENI

Residential infill and consolidation

West of Durban
Ntshongweni

57

DEVELOPABLE
HECTARES

MEDIAN PROFIT
R220 MILLION
(RANGE R200 - R400 MILLION)

MEDIAN PROFIT PER HECTARE
R3,9 MILLION
(RANGE R3,5 - R7,0 MILLION)



OPPORTUNITY

- Low to medium-density residential for high-end and mid- markets, as infill development within Hillcrest
- Retirement as a particular niche market

LAND USE

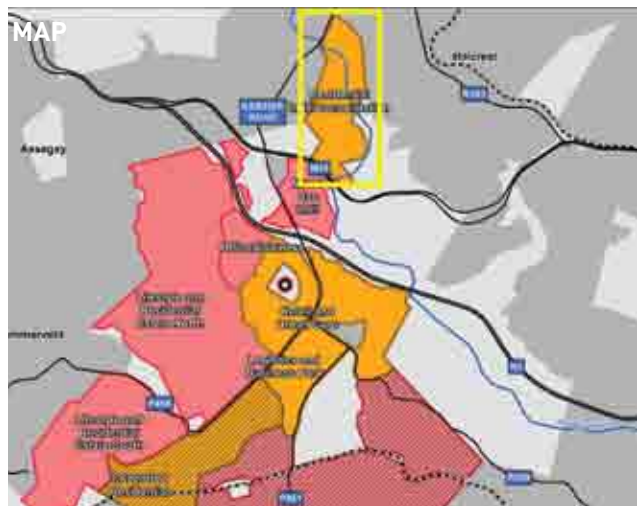


- High-end and mid-market residential
- Unique cluster of opportunity - possibly retirement

Interest is being shown for mid market neighbourhoods and retirement with the commercial strategy focusing on single transaction opportunities.

KEY SOCIO-ECONOMIC OUTCOMES

- This development will extend Durban's offering as a lifestyle, investment and retirement destination in it's outer west area
- The open space system offers the opportunity for social activity and community-oriented programs that could benefit the surrounding communities



PROJECT STATUS

Release from Agriculture	✓
Shovel ready	<p>Framework planning aligned with local municipal spatial plans</p> <p>EIA has commenced</p>
Infrastructure considerations	<p>High-level planning well advanced</p> <p>Engagements with service providers will progress in line with planning process</p>

■ AREAS FROM WHICH SALES IN THE RANGE OF POSSIBLE 5 YEAR SALES OUTCOMES ARE EXPECTED TO COME
 ■ AREAS WHERE SALES OR NEGOTIATIONS HAVE COMMENCED OR ARE ABOUT TO COMMENCE
 ■ FEATURED LAND ASSET
 ● SALES ACHIEVED IN FULL YEAR REPORTING PERIOD

NTSHONGWENI

Retail & urban Core

West of Durban
Ntshongweni

64 DEVELOPABLE
HECTARES

MEDIAN PROFIT
COMMERCIALLY SENSITIVE

MEDIAN PROFIT
PER HECTARE
COMMERCIALLY SENSITIVE



OPPORTUNITY

- High-intensity urban mixed use and business activities to follow the regional retail opportunity.

A major land transaction has been concluded that will see a new regional retail opportunity as the catalyst to unlocking this new growth node. The transaction includes a strong local empowerment component and will result in significant socio-economic benefits to the region.

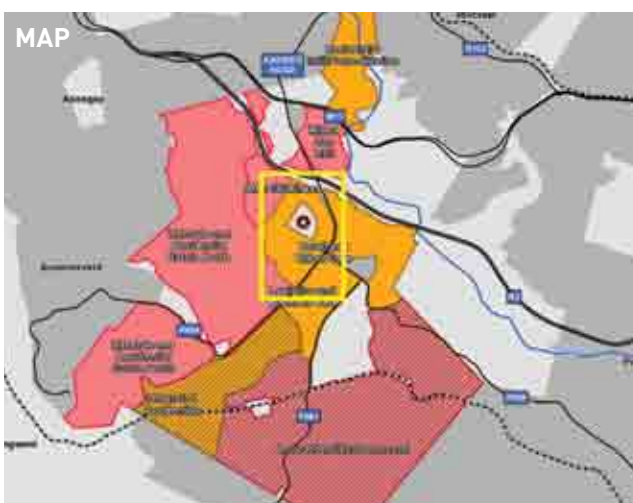
LAND USE



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

KEY SOCIO-ECONOMIC OUTCOMES

- This land asset is expected to see a total investment of over R5 billion generating 45 000 full time equivalent construction jobs, 6 000 permanent jobs and R112 million in rates per annum.



PROJECT STATUS

Release from Agriculture	✓
Shovel ready	EIA approved Zoning process underway
Infrastructure considerations	Phased implementation of infrastructural requirements in line with sales progress being co-ordinated with service providers

NTSHONGWENI

Logistics and Business Park

West of Durban
Ntshongweni

161

DEVELOPABLE
HECTARES

MEDIAN PROFIT
COMMERCIALLY SENSITIVE

MEDIAN PROFIT
PER HECTARE
COMMERCIALLY SENSITIVE

OPPORTUNITY

- Warehousing, logistics, industrial, business park, manufacturing and big box retail within the new economic hub along the N3 corridor

Mechanisms to accelerate rights and infrastructure, linked to the new regional retail opportunity are being implemented. High demand and various enquiries have been fielded for this, with potential for over half of this within a two year period if shovel ready and infrastructure constraints can be addressed.

LAND USE



- Big Box retail
- Business park

KEY SOCIO-ECONOMIC OUTCOMES

- The development would play a key role in the P2 corridor from Durban to Gauteng, strengthening the logistics capacity due to easy national freeway access
- The development has the potential to create in excess of 6000 permanent and sustainable jobs and create an additional rates revenue of some R200 million annually



PROJECT STATUS

Release from Agriculture	✓
Shovel ready	EIA has commenced
Infrastructure considerations	High-level planning well advanced Engagements with service providers will progress in line with planning process

■ AREAS FROM WHICH SALES IN THE RANGE OF POSSIBLE 5 YEAR SALES OUTCOMES ARE EXPECTED TO COME
 ■ AREAS WHERE SALES OR NEGOTIATIONS HAVE COMMENCED OR ARE ABOUT TO COMMENCE
 ■ FEATURED LAND ASSET
 ● SALES ACHIEVED IN FULL YEAR REPORTING PERIOD

NTSHONGWENI Integrated Residential

West of Durban
Ntshongweni

185 DEVELOPABLE
HECTARES

MEDIAN PROFIT

R463 MILLION
(RANGE R370 - R740 MILLION)

MEDIAN PROFIT PER HECTARE

R2,5 MILLION
(RANGE R2 - R4 MILLION)



OPPORTUNITY

- The opportunity is ideally located for a catalytic, large-scale integrated residential development. Processes are commencing to position the opportunity with relevant government agencies

There is evident demand for housing in this area, based on continuous growth in adjacent areas and increasing enquiries.

This will be amplified as processes towards the development of the retail centre take place.

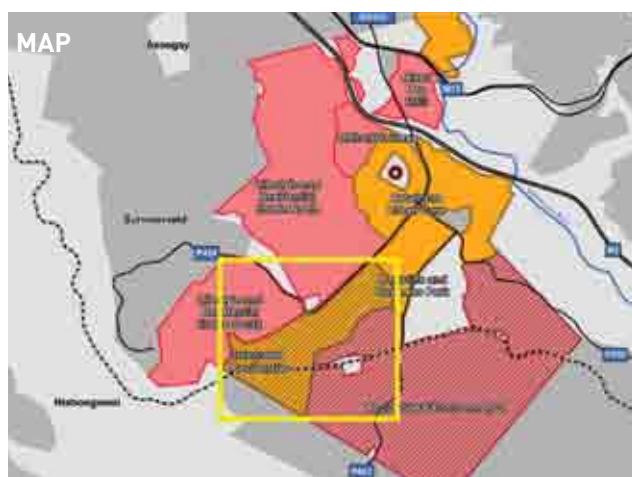
LAND USE



- Public sector enabled, affordable and mid-market residential

KEY SOCIO-ECONOMIC OUTCOMES

- This precinct has the potential to deliver over 20 000 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 nTshongweni development



PROJECT STATUS

Release from Agriculture	✓
Shovel ready	Framework planning aligned with local municipal spatial plans
Infrastructure considerations	High level planning well advanced Engagements with service providers will progress in line with planning process

■ AREAS FROM WHICH SALES IN THE RANGE OF POSSIBLE 5 YEAR SALES OUTCOMES ARE EXPECTED TO COME
■ AREAS WHERE SALES OR NEGOTIATIONS HAVE COMMENCED OR ARE ABOUT TO COMMENCE
■ FEATURED LAND ASSET
● SALES ACHIEVED IN FULL YEAR REPORTING PERIOD

TINLEY MANOR SOUTH BANKS

Resort

Coastal North of Ballito
Tinley Manor

270

DEVELOPABLE
HECTARES

MEDIAN PROFIT
R1 560 MILLION
(RANGE R1 270 - R2 430 MILLION)

**MEDIAN PROFIT
PER HECTARE**
R5,8 MILLION
(RANGE R4,7 - R9,0 MILLION)

OPPORTUNITY

- Unique coastal property for high-end residential, resort and tourism
- Collaboration with the KZN provincial government to generate a catalytic opportunity for international investment is progressing well

LAND USE



- Coastal resort
- High-end and mid-market residential
- Office
- Retail
- Urban amenities



This development consists of three distinct areas each with a unique focus. The resort phase (comprising international hotels and tourism opportunities) sits on prime beachfront land, the residential phase will comprise varying density and markets of residential accommodation and the mixed-use component will provide office, retail and residential services.

KEY SOCIO-ECONOMIC OUTCOMES

- Presents diversified development opportunities along the northern coastal belt which would be anchored by the development of an integrated coastal resort , potentially the first such development in South Africa
- Mutual efforts in collaboration with the KZN Provincial Government present the opportunity to solicit international brands looking at opportunities to establish themselves in KZN
- The integration of a broad range of residential opportunities into the development node further enhances the establishment of a vibrant and sustainable community

PROJECT STATUS

Release from Agriculture	✓
Shovel ready	EIA at advanced stage
Infrastructure considerations	High-level planning underway Engagements with service providers to progress in line with planning process



■ AREAS FROM WHICH SALES IN THE RANGE OF POSSIBLE 5 YEAR SALES OUTCOMES ARE EXPECTED TO COME
 ■ AREAS WHERE SALES OR NEGOTIATIONS HAVE COMMENCED OR ARE ABOUT TO COMMENCE
 ■ FEATURED LAND ASSET
 ★ SALES ACHIEVED IN FULL YEAR REPORTING PERIOD




LAND WHERE SALES ARE
ANTICIPATED TO COMMENCE
BEYOND 5 YEARS



LAND WHERE SALES ARE ANTICIPATED TO COMMENCE BEYOND 5 YEARS

The commercial strategies in an ever changing environment are being positioned to allow for the development opportunities that are likely to occur beyond five years. Emerging 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. 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:

GROWTH NODES	DEVELOPABLE HECTARES	OPPORTUNITY
 SIBAYA COASTAL GROWTH AND CONSOLIDATION	336	<p>These land assets will see the growth and consolidation of the emerging Sibaya economic hub within an attractive natural environment and outlook and will incorporate high-end markets, hotels and resort opportunities.</p>
 BALLITO/ZIMBALI EXPANSION INTO ETHEKWINI	211	<p>Incorporating high-end markets, high-intensity urban mixed use, office and warehouse, logistics, industrial and manufacturing uses, this development will provide the infill gap between the Ballito/Zimbali southern expansion and the uMhlanga and Airport area's northern expansion.</p>
 UMHLANGA TO AIRPORT EXPANSION AND CONSOLIDATION	279	<p>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, warehouse, and logistics, industrial and manufacturing.</p>
 CONSOLIDATION OF REGION TO EAST OF AIRPORT	615	<p>The emerging Aerotropolis will require this land asset to incorporate high-end markets, office and warehouse, logistics, industrial and manufacturing, government-subsidised, affordable and mid-market housing and associated residential services. Exposure and access from the N2 freeway are key drivers of usage and value.</p>
 NORTHERN EXPANSION OF TINLEY MANOR	388	<p>This land asset will incorporate high-end markets, high-intensity urban mixed use, office, affordable and mid-market housing and represents the logical growth and expansion of Tinley Manor. A unique opportunity to establish a marina and associated land based activities (harbour town) is being evaluated.</p>

GROWTH NODES	DEVELOPABLE HECTARES	OPPORTUNITY
 COASTAL CONSOLIDATION OF FAR NORTH	1 794	These land assets will incorporate high-end markets and tourist-related activities due to unique beachfront and/or wildlife locations.
 NORTHERN RESIDENTIAL EXPANSION OF COMPENSATION AREA	48	This land asset offers the potential opportunity for public sector facilitated, integrated, affordable and mid-market residential and associated urban amenities.
 URBAN EXPANSION WEST OF DURBAN	619	<p>Consolidation of urban core (82 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 expansion and recreational precinct (108 developable hectares) This offers longer-term integrated residential opportunities within a broader recreational and environmental precinct in close proximity to existing peri-urban settlements.</p>

At 31 March 2016 - Land where sales are anticipated to commence beyond 5 years

	AREA	Developable hectares	
DURBAN TO BALLITO	URBAN GROWTH AND CONSOLIDATION - UMHLANGA REGION	0	1 441 developable hectares from a total of 4 384
	COASTAL / LIFESTYLE / LEISURE / HIGH-END RESIDENTIAL	547	
	Sibaya Coastal growth and consolidation	336	
	Ballito / Zimbali expansion into eThekweni	211	
	AIRPORT REGION BUSINESS AND RESIDENTIAL	894	
	Durban to Airport expansion and consolidation	279	
	Consolidation of region to east of Airport	615	
	REMAINING SITES ON NEARLY COMPLETED DEVELOPMENTS	0	
WEST OF DURBAN	URBAN EXPANSION WEST OF DURBAN	619	619 developable hectares from a total of 1 086
	Consolidation of urban core	82	
	Lifestyle residential	429	
	Integrated residential expansion and recreational precinct	108	
COASTAL NORTH OF BALLITO	COASTAL NORTH OF BALLITO	2 230	2 230 developable hectares from a total of 2 500
	Northern expansion of Tinley Manor	388	
	Coastal consolidation of far North	1 794	
	Northern residential expansion of Compensation area	48	
GRAND TOTAL		4 290	4 290 developable hectares from a total of 7 970

**AREAS FROM WHICH THE RANGE OF POSSIBLE 5-YEAR SALES OUTCOMES
WERE EXPECTED TO COME - AS AT 31 MARCH 2015**

AREA		Developable hectares	
DURBAN TO BALLITO	URBAN GROWTH AND CONSOLIDATION - UMHLANGA REGION	1 014	3 050 developable hectares from a total of 4 491
	Ridgeside Remaining Precinct 1 and 2	42	
	Ridgeside Precinct 4	20	
	uMhlanga Ridge Town Centre	8	
	Izinga / Kindlewood	111	
	uMhlanga Ridge Westerly Expansion - New Town Phase 1 (Retail)	0	
	uMhlanga Ridge Extension - Cornubia New Town Phase 2	202	
	uMhlanga Ridge Town Centre Western Expansion	49	
	N2 Business Park	2	
	uMhlanga Hills	43	
	Marshall Dam Residential	12	
	Marshall Dam Town Centre	39	
	Consolidating Urban	43	
	Integrated Residential	14	
	Cornubia Industrial	7	
	Cornubia North	624	
	Integrated Residential	200	
	Medium Density Residential	100	
	Consolidating Urban	85	
	N2 Business Park	69	
	Industrial	170	
	COASTAL / LIFESTYLE / LEISURE / HIGH-END RESIDENTIAL	276	
	Zimbali Lakes	48	
	Sibaya Node 1	49	
	Sibaya Node 5	76	
	Sibaya Node 4	103	
	AIRPORT REGION BUSINESS AND RESIDENTIAL	1 725	
	uShukela Drive - Airport Linked Industrial, Retail and Logistics	49	
	Amanzimnyama - Office / Business / Industrial and Logistics Park	345	
	Compensation (East) - Industrial and Manufacturing	73	
	Compensation Western Expansion - Industrial and Manufacturing	152	
	iNyaninga East - Industrial / Logistics / Manufacturing	550	
	iNyaninga West, Lindokuhle, Aberfoyle, Dudley Pringle - Residential and Urban Expansion of oThongathi (Tongaath)	556	
	REMAINING SITES ON NEARLY COMPLETED DEVELOPMENTS	35	
WEST OF DURBAN	URBAN EXPANSION WEST OF DURBAN	481	481 developable hectares from a total of 1 100
	Ntshongweni - Residential Infill / Consolidation	57	
	Ntshongweni - Retail and Urban Core	78	
	Ntshongweni - Logistics and Business Park	161	
	Ntshongweni - Integrated Residential	185	
COASTAL NORTH OF BALLITO	COASTAL NORTH OF BALLITO	270	270 developable hectares from a total of 2 500
	Tinley Manor South Banks - Resort	270	
GRAND TOTAL		3 801	3 801 developable hectares from a total of 8 091

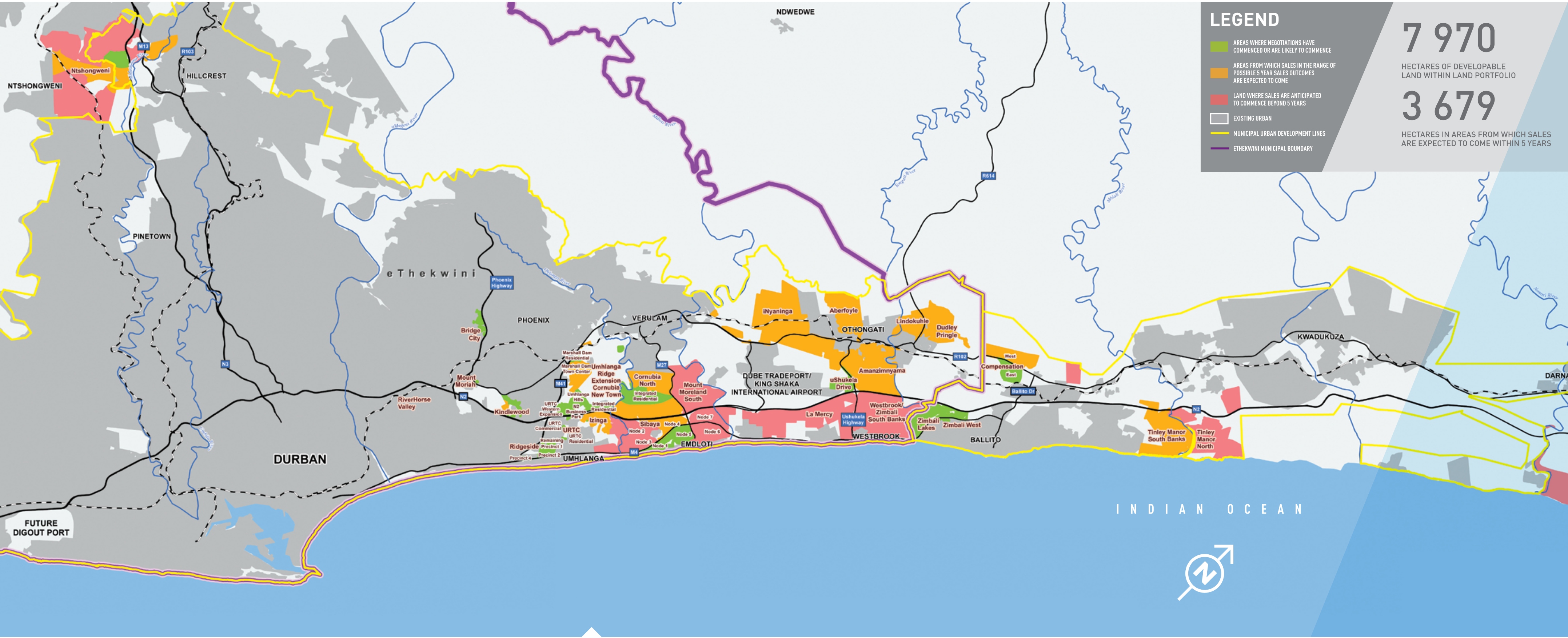
SALES CONCLUDED FROM 1 APRIL 2015 TO 31 MARCH 2016

AREA		H1 (to 30 September 2015)			H2 (to 31 March 2016)	
		Reassessment (See note 1) hectares	Sold (hectares)	Profit per dev ha (R million)	Sold (hectares)	Profit per dev ha (R million)
DURBAN TO BALLITO	URBAN GROWTH AND CONSOLIDATION - UMHLANGA REGION					
	Ridgeside Remaining Precinct 1 and 2 ¹	-42				
	Ridgeside Remaining Precinct 1	11			3	35.6
	Ridgeside Remaining Precinct 2	31				
	Ridgeside Precinct 4				20	10.1
	uMhlanga Ridge Town Centre ¹	-8		0.00		
	uMhlanga Ridge Town Centre - Commercial	1				
	uMhlanga Ridge Town Centre - Residential	7	3	39	<1	28.6
	Izinga / Kindlewood ¹	-111				
	Izinga	83	4	5.7	15	5.4
	Kindlewood	28	16	4.0	1	4.6
	uMhlanga Ridge Extension - Cornubia New Town Phase 2					
	uMhlanga Ridge Town Centre Western Expansion		24	7.5		
	N2 Business Park					
	uMhlanga Hills					
	Marshall Dam Residential					
	Marshall Dam Town Centre					
	Consolidating Urban					
	Integrated Residential					
	Cornubia Industrial		1	6.4		
	Cornubia North					
	Integrated Residential					
	Medium Density Residential					
	Consolidating Urban					
	N2 Business Park					
	Industrial					
	COASTAL / LIFESTYLE / LEISURE / HIGH-END RESIDENTIAL					
	Zimbali Lakes					
	Sibaya Node 1		16	11.3	3	11.2
	Sibaya Node 5					
	Sibaya Node 4					
	AIRPORT REGION BUSINESS AND RESIDENTIAL					
	uShukela Drive - Airport Linked Industrial, Retail and Logistics					
	Amanzimnyama - Office / Business / Industrial and Logistics Park					
	Compensation (East) - Industrial and Manufacturing					
	Compensation Western Expansion - Industrial and Manufacturing					
	iNyaninga East - Industrial / Logistics / Manufacturing					
	iNyaninga West, Lindokuhle, Aberfoyle, Dudley Pringle - Residential and Urban Expansion of oThongathi (Tongaath)					
	REMAINING SITES ON NEARLY COMPLETED DEVELOPMENTS ²		1	8.0		
WEST OF DURBAN	URBAN EXPANSION WEST OF DURBAN					
	Ntshongweni - Residential Infill / Consolidation					
	Ntshongweni - Retail and Urban Core				14	7.1
	Ntshongweni - Logistics and Business Park					
COASTAL NORTH OF BALLITO	COASTAL NORTH OF BALLITO					
	Tinley Manor South Banks - Resort					
GRAND TOTAL		0	65	8.9	56	9.6

¹ Finer-grained detail given for Ridgeside, uMhlanga Ridge Town Centre and Izinga / Kindlewood

² Sale of land in Bridge City

PORTFOLIO OVERVIEW MAP



LEGEND

- AREAS WHERE NEGOTIATIONS HAVE COMMENCED OR ARE LIKELY TO COMMENCE
- AREAS FROM WHICH SALES IN THE RANGE OF POSSIBLE 5 YEAR SALES OUTCOMES ARE EXPECTED TO COME
- LAND WHERE SALES ARE ANTICIPATED TO COMMENCE BEYOND 5 YEARS
- EXISTING URBAN
- MUNICIPAL URBAN DEVELOPMENT LINES
- ETHEKWINI MUNICIPAL BOUNDARY

7 970

HECTARES OF DEVELOPABLE LAND WITHIN LAND PORTFOLIO

3 679

HECTARES IN AREAS FROM WHICH SALES ARE EXPECTED TO COME WITHIN 5 YEARS