



HEARTLAND

Agenda

- Highlights
- Structure
- Conditions
- Background
- Rationale
- Valuations
- Maps
- About Shanghai Zendai
- Projects review
- Summary
- Questions & answers



HEARTLAND

Highlights

- Bulk sale of AECI's surplus property assets in Modderfontein and the Heartland business
- Total land area sold: 1 600ha
- Purchase price: R1 061m for cash
- Purchaser is Shanghai Zendai, a property developer listed on the Hong Kong Stock Exchange
- One of the largest bulk urban property transactions in South Africa
- Significant foreign direct investment



HEARTLAND

- On transfer of R513m of land (first tranche), Shanghai Zendai will pay the full price of R1 061m in cash
- First deadline: 31 July 2014
- Timeline to transfer the remaining land: 42 months maximum
- Payment guarantee from the Bank of China in South Africa (Shanghai Zendai)
- Performance guarantees from Standard Bank (AECI)
- Heartland employees engaged in development activity will transfer to Shanghai Zendai



Conditions

- Competition Commission approvals
- Shareholder approval by Shanghai Zendai
 - Irrevocable from Chairman and Founder, Mr Dai Zhikang (38,67%)
- Transfer of first tranche



HEARTLAND

Background

- Owned by AECI since 1896
- Core focus is explosives and specialty chemicals
- Solutions for the land were considered:
 - Listing Heartland separately
 - Unbundling
 - Sale



HEARTLAND

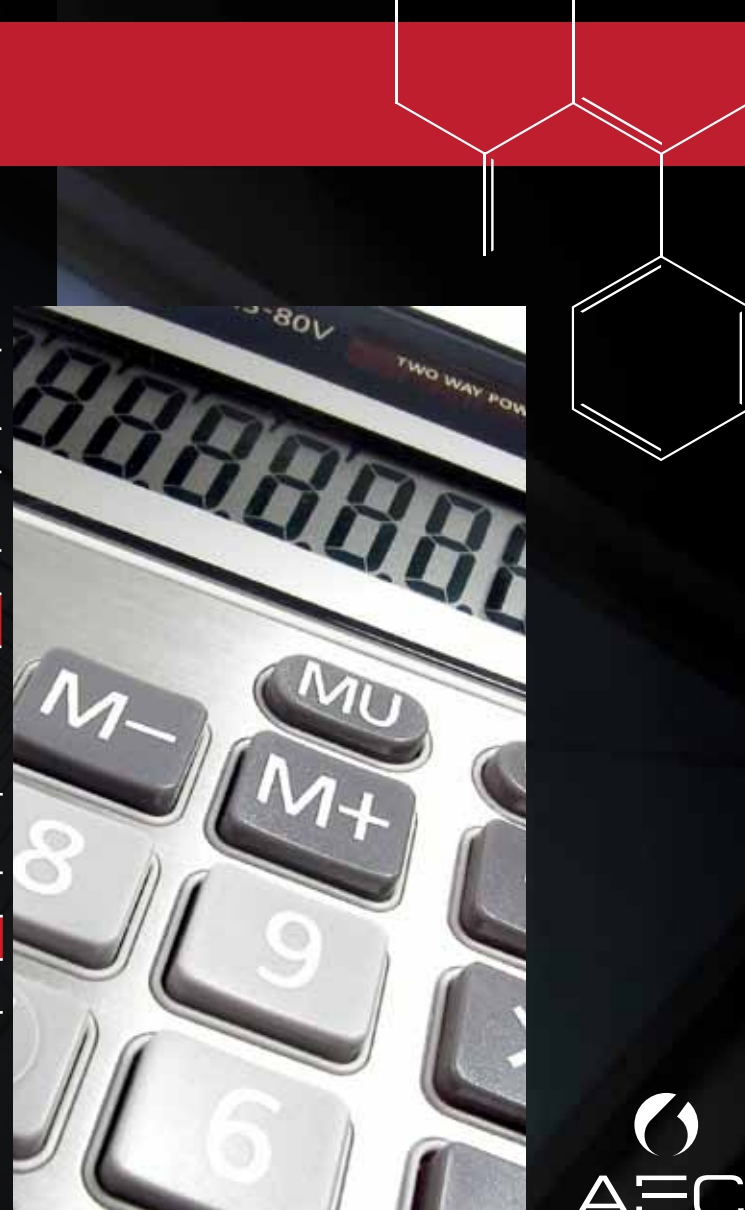
- Total disposal solution
 - Bulk sale
 - Sale in ordinary course of business
- Timing of bulk offer was opportune
 - All available zoned serviced land was sold in the ordinary course of business (R405m)
 - Investments in bulk infrastructure are costly and time-consuming
- Represents a 15,5% discount vis-à-vis the aggregate valuation from 2012



Valuations

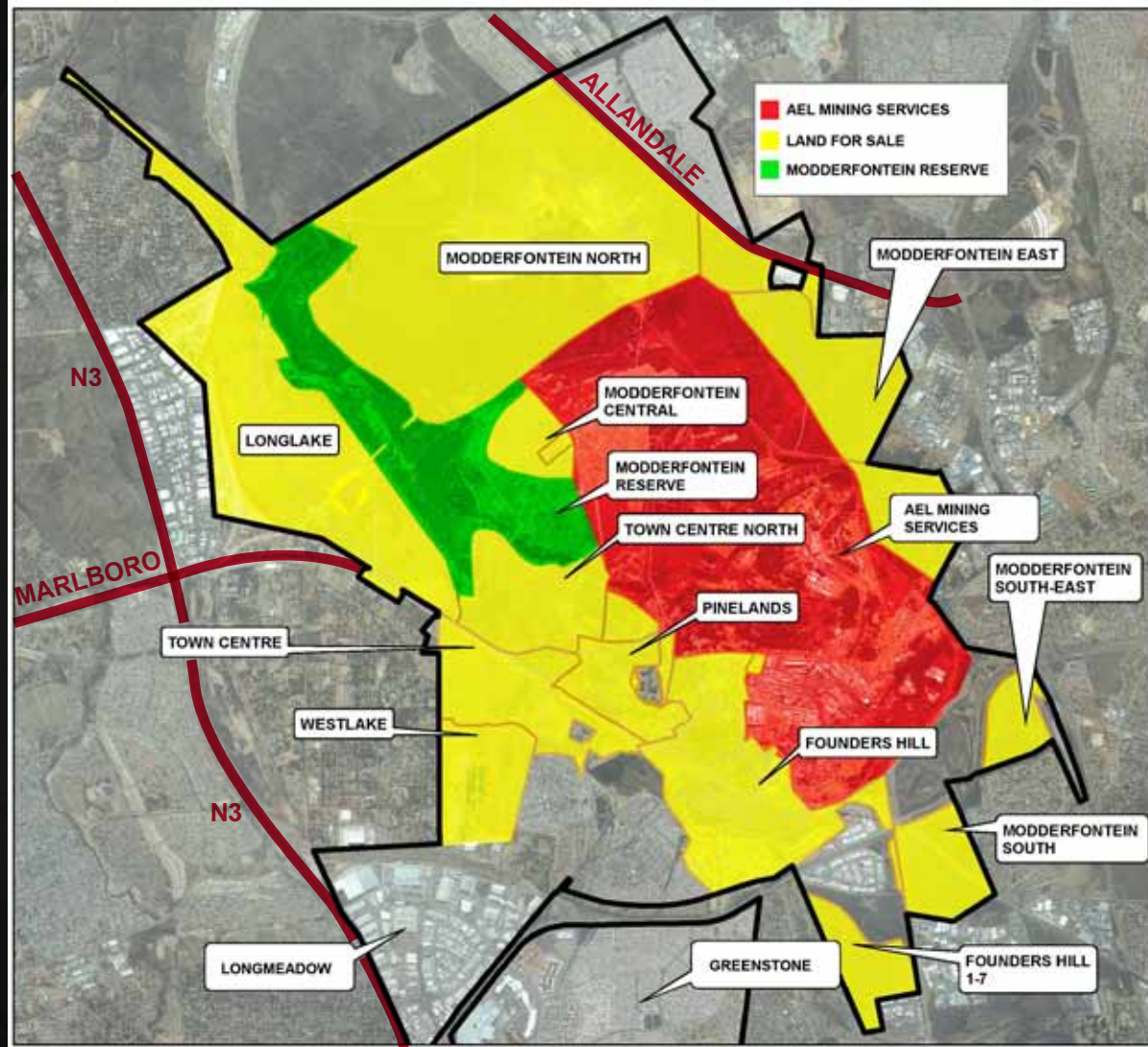
Independent valuation	Approx. Ha	Rm
Valuation per Modderfontein Analyst Day (1 Jan '12)	1 941	1 501,00
Property excluded from transaction	(246)	(176,5)
Valuation of remaining Modderfontein land	1 695	1 324,50
Additional costs incurred on realised portfolio		193,80
Adjusted Mean Valuation (30 Aug '13)	1 695	1 518,30

Sale of the portfolio	Approx. Ha	Rm
Sales post 1 Jan '12 in the ordinary course	87	405
Sale to Shanghai Zendai	1 608	878,6
TOTAL	1 695	1 283,60
Discount to Adjusted Mean Valuation		15,46%

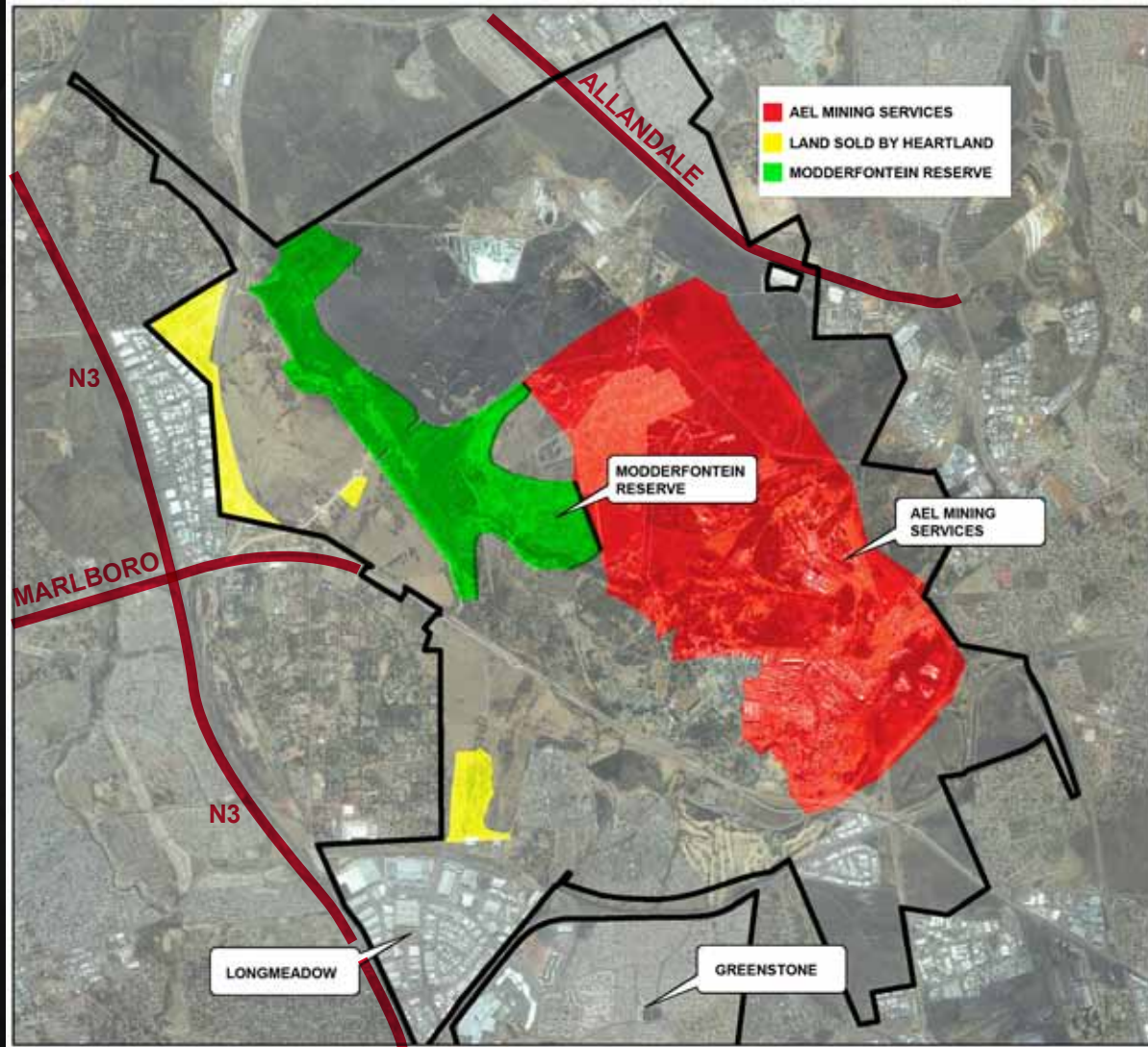


HEARTLAND

Land that was for sale

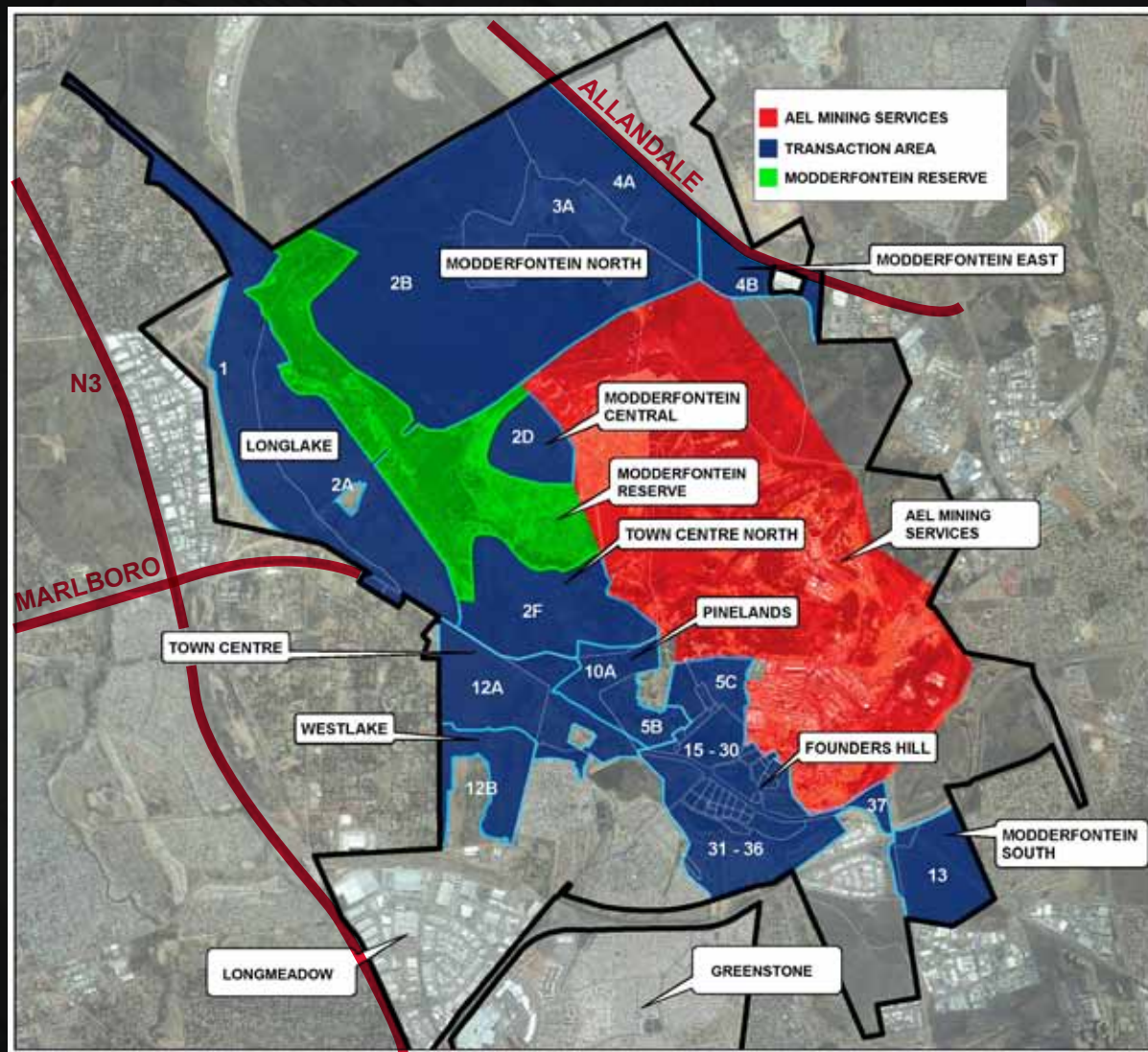


Land sold by Heartland in the ordinary course of business since January 2012

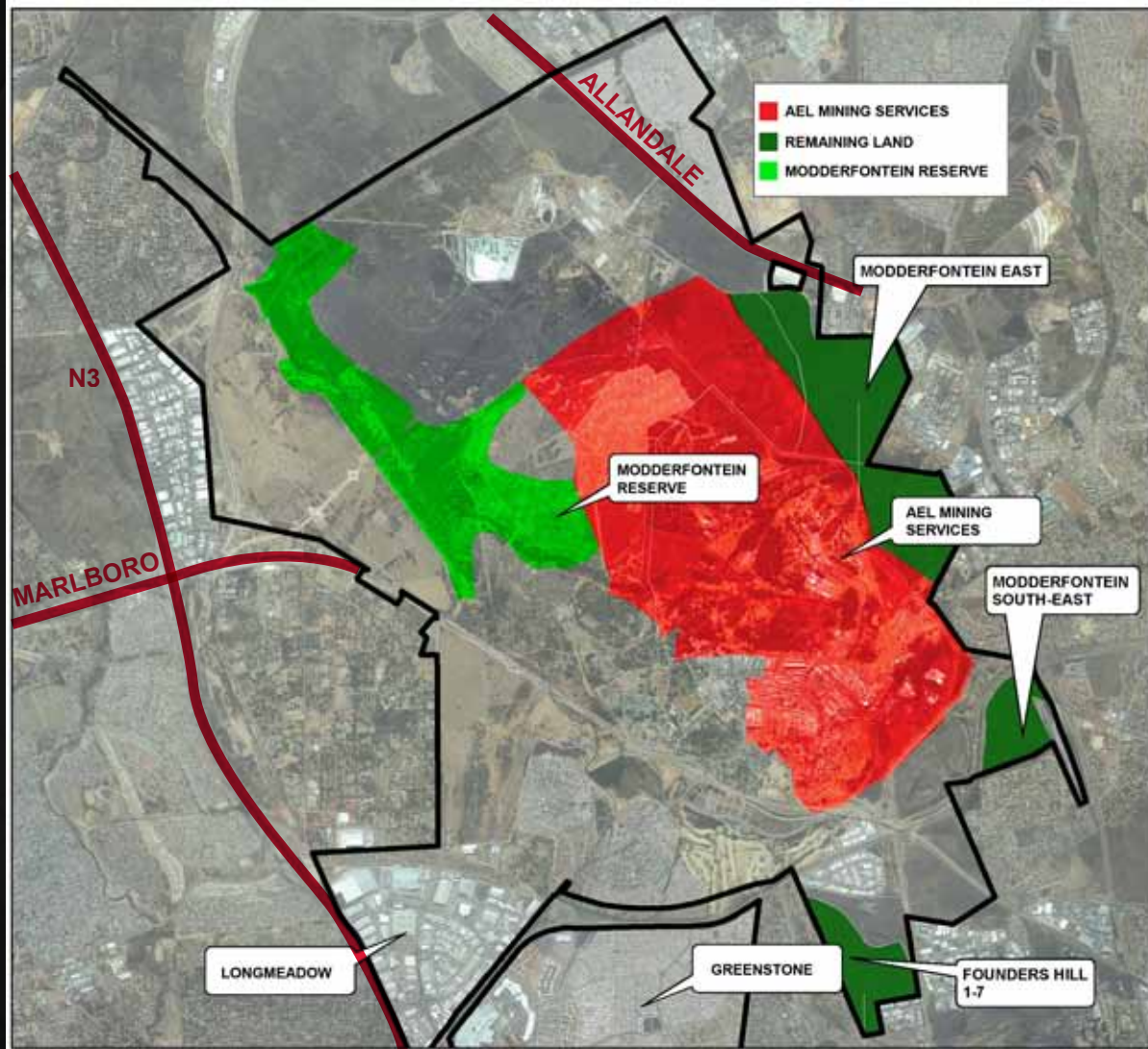


HEARTLAND

Shanghai Zendai's transaction area



Land remaining for future disposals and operations



About Shanghai Zendai

- Founded by Mr Dai Zhikang in 1994
- Listed on the Hong Kong Stock Exchange since 2002
- Focused on developing, investing in and managing commercial and residential properties
- “Top 100 Listed Property Development Enterprises in China” for three consecutive years
- Zendai Thumb Plaza is a model of community development
- Owner of Jumeirah Himalayas and Radisson BLU hotels in Shanghai
- First overseas development in New Zealand (2011)
- First African development in Modderfontein



HEARTLAND

Projects Review / Creative Commercial Complex

Himalayas Centre, Shanghai

2007-2013

180 000m²

New landmark in Shanghai

Designed by renowned architect

Arata Isozaki,

Consists of Jumeirah Himalayas Hotel,

Daguan Theater, Himalayas Museum

and a shopping centre,

Opened in 2012



Zhujiajiao Ancient Town, Shanghai

2007-2013

120 000m²

Located in Zhujiajiao, the famous ancient

town of west Shanghai, consists of Himalayas

Hotel, regional commercial center, south

China style villas and corporate centers,

The villas are delivered, hotel and commercial

center will open in 2014



Jiaochang, Yangzhou

2007-2013

80 000m²

Ancient China Style commercial center

with modern functions,

Opened in 2010



Projects Review / Hotels

Jumeirah Himalayas Shanghai

Pudong, Shanghai, opened in 2010
45 000m² with 405 rooms
First Jumeirah Hotel in Asia Pacific
66% Occupancy in 2012



Himalayas Hotel Qingdao Laoshan

Laoshan, Qingdao, open in 2014
20 000m²
Close to the convention and sports
center of Laoshan, Qingdao



Himalayas Shanghai Zhujiajiao

Zhujiajiao, Shanghai, open in 2014,
Will operate under the Himalayas brand of
Zendai



Radisson BLU Hotel, Pudong Century Park

Pudong, Shanghai, opened in 2006
30 000m² with 360 rooms
5 star hotel with best operation in Shanghai
Occupancy between 66% - 72% in previous years



Projects Review / Office Buildings

Wudaokou Financial Center

2005-2008, Pudong, Shanghai, 110 000m²
Close to financial district and Century Park
Occupancy over 95%, Headquarter of
Evergreen China, Alipay and Xinye Securities



Zendai Quant Land Shanghai

2007-2009, Pudong, Shanghai, 47 000m²,
Commercial complex with 1 office building
and 2 residential buildings



International Financial Center

Haikou, 2009-2011, 55 000m²
The only 5A grade office building in Haikou
Delivered in 2011



Zendai Cube Edifice Shanghai

2005-2007, Pudong, Shanghai, 33 000 m²
Home of Small and Medium Sized Financial
Firms



Zendai Cube Edifice Changchun

2012-2015, Changchun, 115 000m²
Commercial Complex with retail, office and
serviced apartments



Projects Review / Residential

Community

Mandarin Palace

First modern Chinese style villas with great reputation



Zendai Jiayuan

Large scale residential development, 600 000m², 2001-2005, One of the earliest development in Pudong



Zendai ShuiQingMuHua Apartment

160 000m², 2002-2006, Shanghai Pudong



Zendai ShanShui International

High end residential, 200 000m², 2006-2013, The only riverside residential in Jilin



Haimen International City

Large scale community development, 1 300 000m², 2005-2015, Haimen
A new town by Yangtze River



Zendai Ideal City

Large scale community development, 400 000m², 2006-2013, New living center in Changchun, with 96% of occupancy



Projects Review / Thumb Plaza

Pudong, Shanghai

Neighborhood shopping center, 110,000m², 2003-2005, 100% occupancy



Langfang

Regional Shopping center, 300,000m², 2011-2014, Satellite city of Beijing



Nanjing

Regional Shopping center, 540,000m², 2012-2015, New commercial centre in Nanjing



Laoshan, Qingdao

Regional Shopping center, 380,000m², 2007-2012



Nantong

Regional Shopping center, 260,000m², 2010-2014, Regeneration of the old city



Yantai

Regional Shopping center, 200,000m², 2013-2016, Retail + Office



AECI

- Bulk sale
- Fair value
- Cash up-front/no credit risk
- Shareholder value
- Retain 1 300ha for future disposals and operations
- Retain 275ha Modderfontein Reserve
- Property in Somerset West and Umbogintwini is not affected

Shanghai Zendai

- Land size and locality
- Footprint for future expansion in South Africa and the rest of Africa
- Shareholder value
- Training opportunities for local staff



Heartland and Modderfontein

- Property shareholder for a property company
- Accelerated development
- Commitment to environment, heritage and recreation sites
- Mixed-use:
 - Commercial
 - Residential
 - Retail
- World-class node

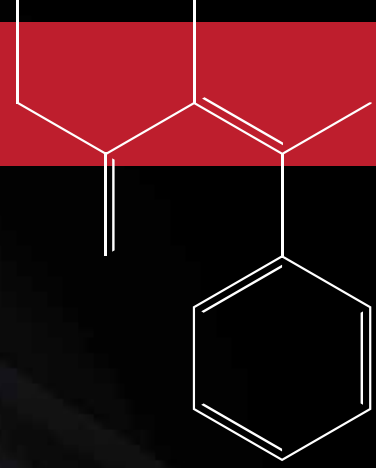
South Africa

- Manifestation of BRICS strategy and China-SA trade partnership
- Foreign direct investment of over R1 billion
- Nearly 22 000 jobs (65% semi-skilled and unskilled)*
- R1 billion in local government rates and taxes*
- R14 billion in direct and indirect benefits for the national economy*

* High level economic impact assessment of the Modderfontein development on the Gauteng and National economy/ Bureau for Economic Research, University of Stellenbosch







Thank you.



HEARTLAND