REDEFINE PROPERTIES LIMITED
(Incorporated in the Republic of South Africa)
(Registration no: 1999/018591/06)
JSE share code: RDF ISIN: ZAE000190252
Debt company code: BIRDF
(Approved as a REIT by the JSE)
("**Redefine**" or the "**company**" or the "**Group**")

BALANCE SHEET MANAGEMENT IN A TIME OF CRISIS

The coronavirus ("**COVID-19**") has triggered unprecedented financial market conditions, which emphasises the importance of prudent balance sheet management and demands careful liquidity planning.

Redefine's last reported (as at FY 31 August 2019) currency analysis of its assets and debt position is set out below:

	Property assets (R'billion)	Debt (R'billion)	LTV (%)	Weighted average cost (%)
Net ZAR*	72.8	21.2	29.1	9.1
AUD	3.6	1.9	52.0	4.0
EUR	15.8	14.0	89.2	1.7
GBP	2.8	4.1#	145.5	3.0
USD	0.4	0.6#	141.0	4.5
Total	**95.4**	**41.8**	**43.9**	**5.8**

Refinanced post 31 August 2019 to be in line with carrying values
*Net of cash and cash deposits on cross-currency interest rate swaps ("CCIRS")

CCIRS are included at market value in the debt analysis above.

Redefine's loan-to-value ("LTV") ratio at 29 February 2020 is expected to be materially unchanged from the position at 31 August 2019.

The summary above demonstrates the natural net asset value hedge created by Redefine matching its asset and debt currency exposures. The summary is not however reflective of assets backing secured debt facilities. The analysis below illustrates the last reported assets encumbered to support the various secured loans.

	Assets (R'billion)	Debt (R'billion)	LTV (%)
Local property assets	52.9	21.3	40.3
Offshore property assets	7.0	3.3	47.1
Listed investments	2.9	2.7	93.1
Encumbered assets / secured debt	62.8	27.3	43.5
Unencumbered assets / unsecured debt	32.6	14.5	44.5
Total	**95.4**	**41.8**	**43.9**

The following is noted:

1. 66% of Redefine's property assets are encumbered, leaving unencumbered assets amounting to R32.6 billion to support unsecured debt of R14.5 billion;
2. 78% of the secured debt is secured by local property assets, with an LTV ratio of 40.3%;
3. Offshore debt totaling R3.3 billion is secured against offshore property assets, which has no recourse to the South African balance sheet; and
4. There is no capital margining required to top up or cure a shortfall in the market value versus secured debt in respect of listed investments (including in relation to Redefine's investment in RDI REIT PLC, EPP N.V and Cromwell Property Group).

Redefine includes the market value of all its CCIRS in the debt balance to calculate its LTV in order to present a complete and prudent picture of its solvency and liquidity position. It must further be noted that none of Redefine's CCIRS have any credit support arrangements in place, which means that no cash margining or other collateral is required if the Rand depreciates.

As at 31 August 2019, Redefine reported debt amounting to R6.3 billion maturing by 31 August 2020 (of which R1.6 billion was subsequent to 29 February 2020). Substantially all of this debt has been successfully refinanced and management is comfortable the balance will be addressed. We also have taken advantage of the lower interest rate curve to increase and extend our hedging maturity profile.

Although we are operating in a fluid environment, Redefine remains well within all its debt covenants, the most stringent of which being a maximum Group LTV level of 50% and an interest cover ratio of 2 times. Redefine continues to execute on its previously announced strategic priority to reduce balance sheet risk. Working capital management has also been prioritised. Redefine has a strong liquidity position with access to R2.8 billion in committed undrawn credit facilities.

During this time the health, safety and wellbeing of all our stakeholders remains Redefine's managements' highest priority and a dedicated team has been established to ensure a co-ordinated response across the business. The team is tasked with developing and implementing the necessary responses and measures to address COVID-19. Management takes the threat seriously and is implementing practical measures to curb the spread of the virus for as long as the circumstances demand. A curtailment on discretionary costs has been implemented to make allowance for the anticipated costs associated with the various initiatives to combat the spread of COVID-19.

At the time of release of this communication, normal domestic trading has not yet been materially impacted by disaster management regulations and business continuity plans have been implemented to minimise disruption by initiatives implemented to curb the spread of COVID-19.

Despite the limitation of trade in Poland's shopping centres the movement of freight around, in and out of Poland continues as usual and the manufacturing sector is not shut down. In fact, there is additional demand for logistics space to support the current contingency measures. The Government of Poland has announced the provision of a $51.5 billion rescue package designed to shield the economy from the impact of COVID-19 which includes payments of portion of salaries for businesses affected by trading restrictions and a temporary suspension of the Sunday trading ban.

Redefine is pleased to report that the introduction of an equity partner into its Polish logistics operations successfully closed on 10 March 2020. Management continues to make positive progress on the various initiatives to reduce the LTV ratio, whilst building capacity to absorb any negative LTV triggers arising from the current environment.

Redefine's purpose-driven strategic approach remains highly appropriate for this environment and its diversified property asset platform is robust and well positioned to withstand prevailing market conditions.

20 March 2020

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