

## REDEFINE PROPERTIES LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1999/018591/06)

JSE share code: RDF ISIN: ZAE000190252

LEI: 37890061EC026A7DA532

Debt company code: BIRDF

(Approved as a REIT by the JSE)

("Redefine" or "the Company")



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### UPDATE ON DIVIDEND FOR THE YEAR ENDED 31 AUGUST 2020

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Shareholders are referred to the audited group results for the year ended 31 August 2020 ("FY2020") published on SENS on 1 December 2020 wherein shareholders were advised that the board of directors of Redefine (the "**Board**") was considering a distribution mechanism in respect of the dividend for FY2020 that would enable Redefine to meet its REIT regulatory obligations on a basis that would allow for the retention of a significant amount of cash to enhance Redefine's liquidity whilst providing shareholders with a means to monetise the proposed distribution ("**proposed distribution mechanism**"). As the proposed distribution mechanism was subject to Board and JSE approval, the Board resolved to defer its decision on the declaration of the FY2020 dividend until February 2021.

In terms of paragraph 13.47(a) of the JSE Listings Requirements and in order to retain its REIT status, Redefine is required to distribute at least 75% of its total distributable profits as a distribution to the holders of its listed securities by no later than four months after its financial year end, subject to the solvency and liquidity test (the "**S&L test**") as defined in the Companies Act, No. 71 of 2008, as amended (the "**Companies Act**") and applied in section 46 of the Companies Act (the "**minimum distribution requirement**").

The Company has until 28 February 2021 to comply with the minimum distribution requirement, read together with the notice issued by the Financial Services Conduct Authority on 26 June 2020.

Redefine engaged with the JSE in regard to the proposed distribution mechanism. Unfortunately, the JSE would not approve the proposed Redefine circular relating to the proposed distribution mechanism.

In making a decision on its FY2020 dividend, Redefine's Board has given careful consideration to the needs of all stakeholders and its objectives of maintaining its REIT status, preserving liquidity and protecting its loan-to-value ("**LTV**") ratio.

In applying the S&L test to any cash dividend that may be declared in order for Redefine to meet the minimum distribution requirement, the Board's assessment was that whilst on the assumption of no further adverse market circumstances the Company's LTV debt covenants (which have been temporarily relaxed from 50% to 55% for all funders for the 31 August 2020 and 28 February 2021 periods) would not likely be breached, given the ongoing and potential adverse impact of the Covid-19 pandemic, the Board conservatively but appropriately needed to take into account the potential

impact on the Company's LTV of factors outside of Redefine's control (or where Redefine has limited ability to control) and which may manifest within the 12 month period after application of the S&L test. These factors include the impact of foreign exchange fluctuations, property valuations, valuations of investments, timing of LTV reduction interventions including disposals, the outbreak of the second or subsequent waves of the Covid-19 pandemic and any associated increased and extended lockdown regulations locally and internationally. The Board concluded that, while Redefine demonstrably satisfies the solvency leg of the S&L test, there may be insufficient headroom to absorb any such further material negative LTV triggers if a cash dividend was paid, which could potentially lead to a breach of the LTV debt covenant ratio with one or more funders after the 28 February 2021 measurement period and result in adverse liquidity consequences, which may cause the liquidity leg of the S&L test to not be satisfied. Accordingly, the Board has resolved not to declare a cash dividend in respect of FY2020.

In terms of paragraph 13.47(a) of the JSE Listings Requirements, a REIT's obligation to make the minimum distribution is contingent upon its Board reasonably concluding that the REIT will satisfy the S&L test after having completed such minimum distribution. Accordingly, Redefine is not required to make any distribution in respect of FY2020 in order to satisfy the REIT distribution provisions and the non-distribution by Redefine of a cash dividend would not be in breach of Redefine's REIT obligations under the JSE Listings Requirements.

22 January 2021

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Sponsor

The logo for Java Capital, featuring the word "JAVA" in a stylized font with a blue underline, followed by "CAPITAL" in a plain, grey, sans-serif font.