

REDEFINE PROPERTIES LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1999/018591/06)

JSE share code: RDF ISIN: ZAE000190252

Debt company code: BIRDF

LEI: 37890061EC026A7DA532

(Approved as a REIT by the JSE)

("Redefine" or the "Company")



DISTRIBUTABLE EARNINGS GUIDANCE ON INVESTMENT IN EPP

Shareholders and noteholders are referred to the Company's interim results ("**interim results**") for the six months ended 28 February 2022 ("**H1 2022**") published on 16 May 2022 wherein Redefine *inter alia* advised that it expected distributable income per share for the year ending 31 August 2022 ("**FY 2022**") to be between 50.0 and 55.0 cents per share and, assuming a dividend pay-out ratio of 90%, it would expect the dividend per share to be between 45.0 and 49.5 cents per share.

Redefine's guidance provided for FY 2022 as set out above remains unchanged but Redefine wishes to provide additional information on the expected contribution of EPP N.V. ("**EPP**") towards Redefine's distributable earnings for FY 2022 and the year ending 31 August 2023 ("**FY 2023**").

Following the implementation of Redefine's offer to EPP shareholders as detailed in a circular issued by EPP on 17 December 2021, together with the subsequent reorganisation of EPP and the acquisition of the additional EPP shares from EPP shareholders who did not accept the initial offer, Redefine's shareholding in EPP is now 95.45% (the "**EPP transaction**").

Redefine expects that EPP will contribute approximately 7.5 cents per share of the Company's expected distributable income per share ("**DIPS**") for FY 2022. The 7.5 cents includes the 4.0 cents per share antecedent earnings adjustment that relates to the Redefine shares issued for the EPP transaction. On a normalised basis and subject to the successful refinancing of EPP's maturing debt facilities Redefine expects EPP to contribute between 8.5 and 9.5 cents per share of the Company's DIPS for FY 2023. Redefine believes that the long-term prospects of its Polish retail exposure remain attractive, however EPP must contend with and manage the short-term volatility.

The following assumptions have been used in deriving the forecast of the expected contribution of EPP towards Redefine's distributable earnings:

1. Existing trading conditions in the Polish retail sector prevail for the duration of the forecast period.
2. Inflation in Poland is expected to remain above 10% which has a direct impact on property and general operating expenses. During 2022 energy and wages have increased significantly above the inflation rate due to the ongoing war in Ukraine, the introduction of EU carbon tax on CO2 emissions and the increase of the minimum wage.
3. Inflation in the EU is expected to be at least at 6% in 2022, which will only impact the rent indexation in force from the beginning of the 2023 calendar year.
4. The cost of funding is expected to rise to approximately 4% due to an increase in bank margins charged due to liquidity concerns caused by the war in the Ukraine and the increase in the EURIBOR swap curve in anticipation of interest rates rising due to inflation.
5. Redefine's 95.45% of EPP distributable income is translated at a ZAR/EUR exchange rate of R17.0.
6. EPP's distributable income is calculated in accordance with the Best Practice Recommendations issued by the SA REIT Association.

It is anticipated that EPP's contribution to Redefine's distributable income will stabilise between 10.0 and 11.0 cents per share post FY 2023.

The forecast information in this announcement has not been reviewed or reported on by Redefine's independent external auditors.

24 June 2022

Sponsor

