



BREAKING NEWS

REDEFINE
PROPERTIES

In pursuit of sustained value creation, Redefine is implementing strategies to strengthen its balance sheet

Johannesburg, 26 August 2019 - Redefine Properties, which manages a diversified property asset platform of local and international investments, is relentlessly pursuing strengthening its balance sheet with a primary priority on right-sizing its asset footprint to its capital base in volatile global and local financial markets. Reducing the loan-to-value ratio to below 40% is in progress and will continue during 2020, as a number of initiatives are implemented.

Redefine believes it can reduce the loan-to-value ratio without damaging the income earning base as it recalibrates to an environment of "scarce and costly capital".

"In order to drive sustained value for all stakeholders, Redefine will position its balance sheet to withstand the prevailing environment, as well as to conserve cash generated by operations for defensive capital expenditure, while at the same time driving innovative business projects to achieve a 'future-proof' property platform," according to Redefine CEO, Andrew Konig ahead of the start of a pre-close investor roadshow.

Redefine does not expect the recovery of the local economy to be a swift process. "We can expect it to take at least as much time to fix the economy as it took to damage it," says Konig.

Measures to strengthen the balance sheet include local property disposals in progress totalling R3.9 billion (with R3.3 billion closing in 2020), recycling of capital from non-core assets as opposed to raising expensive equity, introducing an equity investor into the European Logistics Platform, contemplating the introduction of a dividend pay-out ratio policy and generally taking action on destroyers of value.

Redefine's investment in UK-focused RDI REIT, the loan to Cornwall (Delta) and Oanda Wings are all in the crosshairs in the drive to eliminate any value destruction in the future.

The measures being taken are not expected to have a negative impact on distributable income and Redefine remains on track to deliver distributable income growth per share in line with market guidance.

Konig says introducing a distribution pay-out policy will align Redefine to international REIT norms, where distribution pay-outs generally range between 90% and 100% of distributable income.

"To guide us on the proposed policy, an exercise is underway to establish the percentage of distributions that can be safely withheld before tax leakage is suffered," he says.

At the same time, Redefine continues to build an asset platform that sustains organic growth through continuously improving, expanding and protecting its domestic portfolio, while recycling capital through the sale of assets at the end of their investment life cycle. Value will also be unlocked through active asset management opportunities in offshore markets.

"As the property sector recalibrates to an environment of costly capital, we believe that our purpose-driven strategic approach becomes increasingly relevant," concludes Konig. Redefine's closed period commences on 1 September 2019 and its 2019 annual results will be released on 4 November.

Telephone +27 11 283 0000 | Web www.redefine.co.za | Email investorenquiries@redefine.co.za

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