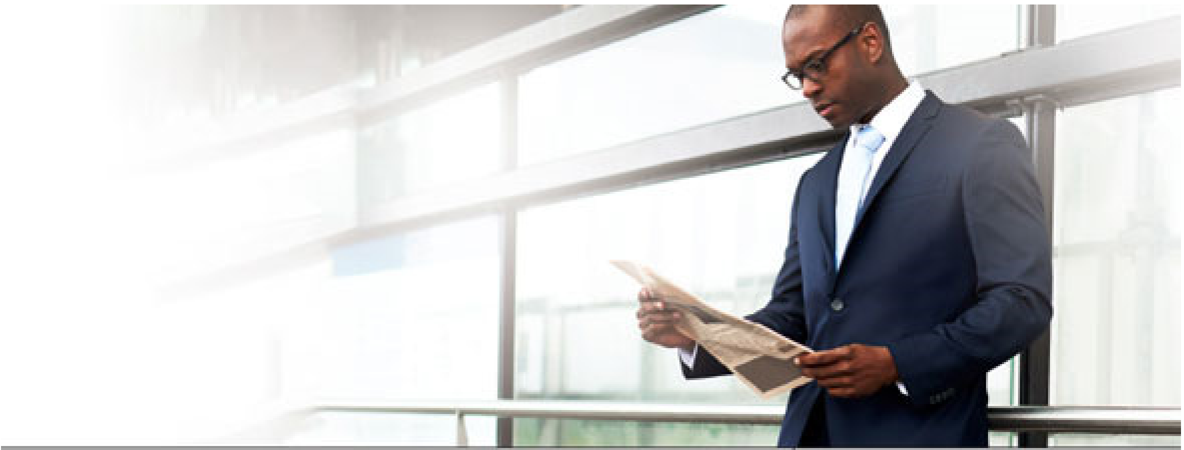

BREAKING NEWS

REDEFINE PROPERTIES

Johannesburg - 6 May 2019

Redefine sustains value creation despite tough local economic conditions raising the interim distribution 4% to 49.2 cents a share

Redefine Properties (JSE: RDF), which has increased its distribution for the six months ended 28 February 2019 by 4.0% to 49.2 cents, continues to build a solid platform for sustained growth and value creation despite ongoing economic and political uncertainty.

Internationally held assets contributed 25.4% to income during the review period, with total assets under management increasing by R500m to R99.2 billion. Offshore expansion of R1.9 billion was achieved, of which R0.5 billion was invested into the exciting Polish logistics platform. The local portfolio also received a significant portion of the development spend at R1.3 billion.

"We continue to focus on improving the quality of earnings delivered organically and our diversified asset platform is capable of absorbing shocks and providing a springboard for sustained growth," says Redefine CEO Andrew Konig.

While the build-up to South Africa's election on Wednesday "has been quite smooth", Konig says confidence needs to return in SA to encourage future growth.

"Business and consumer confidence are low and this places strain in certain areas, such as the office and retail markets. Confidence will return once there is improved policy certainty. However, if there is any benefit from the election outcome it will probably only be evident in 2020/21 as opposed to the 2019 financial year," says Konig.

Redefine's market guidance is that the distribution for the full year will be similar to first half growth of 4% subject to conditions not deteriorating any further than they already have.

"Maintaining operating margins is challenging in current conditions and improving quality of earnings is an ongoing theme. However, we managed to maintain our active portfolio margin at 82% in very competitive trading conditions, with tenant retention remaining at a high at 96.6% of leases renewed," says Konig.

Installing renewable energy interventions is one area in which Redefine is sees scope for growth, notably to alleviate some of the pressure caused by Eskom blackouts and tariff increases. During the reporting period, total solar PV capacity increased to 23.5 MWp. Another move to calibrate to the "new normal" has been a move into flexible workspaces. WeWork, the global community company with operations in over 400 locations across 100 cities, will be leasing six floors at Redefine's iconic Rosebank Link. This extends WeWork's global presence to Africa, with Rosebank Link being its first site on the continent.

A highlight was Moody's reaffirmation of Redefine's investment credit grade rating.

CFO Leon Kok says the loan to value ratio - the ratio of its loans to property related assets - increased to 42.3% in the first half and in order to reduce this, Redefine will be considering equity funded asset acquisitions on a nondilutive earnings basis, while also actively managing recycling activities to fund the development pipeline.

He says interest rates were hedged on 79.2% of total debt and refinance terms for all near- term debt maturities had been agreed. "Our funding strategy has focused on protecting our balance sheet and optimising cost of capital. Responsible balance sheet management remains a top priority," says Kok.

In a move to bolster corporate governance and enhance diversity, the highly respected Sipho Pityana joins the Redefine board as independent non-executive chairman to replace Marc Wainer.

"We have been working on a smooth transition and succession plan for more than a year and are truly delighted to welcome someone of Sipho's caliber to our board. At the same time, we are fortunate to retain Marc Wainer as an executive director as we continue to tap into his vast knowledge, having been through a number of property cycles, and his deal-making skills," says Konig.

Pityana took over as president of Business Unity South Africa (BUSA) in June last year and has held board positions at companies listed on the New York, London and Johannesburg stock exchanges, as well as on unlisted companies.

"With a purpose driven strategy, we are well positioned to take advantage of opportunities, which could arise as a consequence of uncertainty. The key is not to get caught out in the headlights of risk. The cycle will not turn for some time and we hope with the elections out of the way strong leadership will provide direction to lift confidence," says Konig.

"We strive to look beyond the current cycle and have a diversified portfolio to absorb headwinds and provide sustained growth. Our expansion into Poland buffers domestic headwinds and through a purpose-driven strategy Redefine is well-positioned to take advantage of the resultant opportunities," concludes Konig.

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