**The impact of COVID -19 pandemic on business operations.**

1. the trend and outlook on COVID- 19 for the company,

The negative impact of COVID 19 pandemic on businesses are felt all over the world and the real estate sector is not excluded. Afriland being a major player in the Real Estate sector is not immune from the impact.

Currently, manufacturing companies across the world are in lockdown and the full implications for supply chain when production resumes may not be ascertained now. However, because most of the items required for constructions are imported, the cost of ongoing projects may be exacerbated as additional funds will be required to complete these projects due to increase in cost. Afriland has many of such projects in the pipeline. We will have to revisit our viability/ financial models as soon as the modalities are clearer.

The company’s construction sites are currently shut down and may remain so for a while as contractors observe Government and WHO guidelines to prevent the spread of the virus. The resultant cost as a result of the lead time between when the sites were shut down and when they will be reopened are enormous.

In addition, as liquidity tighten, the company’s clients may likely cut down on their proposed projects as captured in their capital expenditure budget for 2020. The impact on this business line is however dependent on how our clients’ finances are impacted by the pandemic.

Commercial real estate may suffer as organisations examine the pros and cons of working from home and explore Flex-working and homework for their workforce in a bid to reducing operating costs for their businesses.

In view of the above, project delivery timelines and liquidity may be impacted negatively

General increase in the cost of running the office resulting from inflation induced price increases

1. what the management of the company expects the future impact of the pandemic to be;

Afriland’s Management expects revenue to decline in the short term as clients deliberate on their strategies to cut down on cost and remain in business.

Consequently, we expect cash flow challenges to stiffen as a result of anticipated decline in revenue.

There will be pressure on fund as debt servicing and development for new projects contend for available fund.

The propensity for organisation to request for smaller working space /sharing of space is higher now than before.

1. How management is responding to the evolving events and how it is planning to deal with related uncertainties.

Given the current challenges the company is faced with, management adopted the following strategies to mitigate the immediate and long-term risk posed by the pandemic.

* Liquidity management – Application of available funds to any project will be on projects whose payback period is within six months.
* Cost management – Cost to be incurred on operations related expenses as all other cost are eliminated completely
* Innovation – Using cutting edge technology for our projects whilst not compromising on the quality of projects
* Funding – Significant percentage of the projects funding will be financed by off-takers.